

# EARNEST

A GUIDE FOR MANAGING YOUR STUDIES AT UNIVERSITY  
FROM DAY 1 TO BECOME No. 1 IN THE JOB INTERVIEW

KLAUS GROBYS

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## *FOREWORD*

I would like to thank my friends and colleagues who gave me very useful and helpful feedback during our common coffee breaks at the café Oscari which is located at the library at the University of Vaasa. Coming up with some creative ideas is one thing but actually accomplishing it requires a lot of thought exchanges during plenty of discussions. Therefore, I would like to thank in particular Gianluca Trotta, Kaisa Penttinen and Shaker Ahmed for providing me their comments for improving this guide. I would also like to thank Henri Rissanen who took the time to give a feedback from the perspective of an undergraduate student at the University of Vaasa. At some point I recognized that finalizing this guide is much more work than I initially thought. Hence, I would like to thank Gianluca Trotta, Kaisa Penttinen, Shaker Ahmed and Jamshed Iqbal for their encouragement to finalize this guide. All personal opinions, subjective experiences, and so on that are expressed in this student guide are exclusively my own and do not reflect the opinion of my current employer (e.g., the University of Vaasa) in any way. Finally, this guide should not be confused with an academic work because it's not. It's about life, experiences, stories and people.

Vasa, August 14, 2018.

# 1. INTRODUCTION

*“You could bypass at least some of the pain of personally learning the same things  
(as learning from the experience of others can be quicker and much less dangerous)”*

– Professor Dr. Jordan B. Peterson (12 Rules for Life)

What if it's possible that you get to know what you will be most likely supposed to go through in about ten years *right now*? Do you think that you could avoid some traps that life will throw at you by changing some of your behaviors? During their studies at University and afterwards when applying for jobs, for instance, many students will face similar circumstances followed by similar experiences. There is a well-known saying that “history repeats itself” and I guess that many of us – in particular those who studied human history in general – would agree on that. I was thinking occasionally about the following question: If I had known what situations and circumstances I will face in my life *beforehand*, what would I have done differently? What behaviors would I have changed to get a better outcome? It's a tricky question because the answer is most likely subject to the so-called hindsight bias. In any way, I think that if I provide my personal experiences to other students they might have a competitive advantage on their way of life. That's why I started to run this project (which turned out to be a pretty time-consuming project.)

Therefore, the purpose of this handbook is to provide a guide for students on the way through their studies by combining different viewpoints. First of all, it takes the perspective of a student. In doing so, I document how I organized and accomplished my own studies at Universities. In doing so, I emphasize also what I observed other fellow students were doing. Second, it takes the perspective of an employee. Since I worked a couple of years in the industry, I am aware of what modern employers expect from their employees. In addition to my own professional work experience as an Analyst in the finance industry, other people's work experiences are also briefly reviewed. One key point that will be highlighted is that students need to acquire much more skills than they perhaps might be aware of when enrolling for studies at University. Third, it takes the perspective from a University teacher. Since I could gather a few years working experience as an Assistant Professor, I have data about students that did exceptionally well. The commonalities of all those viewpoints might provide some useful insights for the interested reader.

For instance, it may be not surprising that I frequently observe that successful students display certain behaviors: All these behaviors have a common component that I'd like to refer to as earnest and that I'd like to define as ‘taking serious and purposeful actions required for goal attainment’. Finally, life

happens and that's why this handbook also takes the perspective of a positive psychologist to help students to deal with setbacks, to develop confidence, and simply to get the most out of their studies. The new science of positive psychology offers many interventions that can be employed to increase your wellbeing (during your studies also). When I was a student, I was not aware of these cognitive and behavioral techniques, even though psychology was to some extent a part of my own studies in business pedagogics. Hence, those students that study this guide carefully will have an enormous competitive advantage. In particular, a lot of attention is paid to managing job interview situations and dealing with unemployment. You will learn that you can use setbacks as set-ups for your personal victory.

Given the circumstances young people face nowadays, it may be not surprising that many young people are somewhat lost which explains the high quote of college dropouts. However, I believe that everybody can 'make it' once you embody the behaviors of those students that are (or were) successful in their studies. To my mind, it is smart to learn from other people in both ways, which means on the one hand to learn the behaviors that lead to successful outcomes and on the other hand to avoid behaviors that do not. That's basically also the advice from Dr. Jordan Peterson, who is Professor of Psychology at the University of Toronto (Canada). In his best-selling book *The 12 Rules for Life* he highlights that if you are carefully listen to the experiences that others are sharing with you, "you could bypass at least some of the pain of personally learning the same things (as learning from the experience of others can be quicker and much less dangerous)."<sup>1</sup>

When I was a student, I had no clue of what are good presentation skills or how to develop good presentation skills. Neither did I know what it takes to perform at my personal best in job interview situations. I did not know that the most skills that I learnt during my education at University did actually not play such a big role in real life working environments. I did not know that I needed to learn much more additional skills. Now, as a teacher, I have seen students that are very smart and highly competent but some of them have difficulties to present and discuss their conducted research. This behavior indicates that they do actually not seem to be very confident. Why is that? Who knows, perhaps they do not believe in their skills. It is also possible that they face some type of social anxiety. In any ways, the point is that if you present in a way that gives the impression that even you do not believe your own story, who do you think then would? Therefore, this guide provides some novel intervention to help students dealing successfully with a variety of typical social interactions like presentation at seminars, job interview situations, etc.

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<sup>1</sup> Peterson (2018), p.254.

This handbook is structured in the same manner as you proceed with your studies. It is also important to note that there is a red line in this handbook as each chapter builds on the issues discussed in previous chapters and, moreover, in later chapters certain concepts introduced in the beginning of the handbook are integrated with concepts discussed at a later stage. The reader might also recognize that some tools provided in later chapters can be easily applied to different other contexts as well. Another rather uncommon thing is that this guide refers to a whole battery of videos for educational purposes of which each takes about 15-20 minutes. The reader is strongly encouraged to watch those videos as well because it makes the content that follows easier to understand and easier to process. Finally, even though this guide is written from the perspective of a student who studies economics or finance, I believe that the main approaches introduced in this guide may be useful and applicable for students in general.

Some parts of this handbook are written in a provocative manner which serves as a rhetorical tool. Are you ready? Then let's go!

## 2. UNDERGRADUATE STUDIES

### 2.1. *Comfort Stuff Will Kill You*

*All changes, even the most longed for, have their melancholy; for what we leave behind us is a part of ourselves; we must die to one life before we can enter another.*

—Anatole France

Before I decided to study a specific degree program in economics & educational science, I went through a three-year apprenticeship as a bank clerk. This apprenticeship involved both coursework at the vocational school and practical training at the financial institution which is often referred to as the 'dual educational system' in Germany. During this apprenticeship I was working at many different departments and branches of the bank. However, most of the time the apprentices (including me) were employed in the customer service department.<sup>2</sup> As a consequence, I acquired most of my knowledge concerning the banking industry from either the education at the vocational school or from my social contacts to apprentices that were employed at other financial institutions.

When I started my apprenticeship as a bank clerk, I got to know that banks typically offer the possibility to get various internal bank-specific educations and additional bank-specific degrees which were probably somewhat recognized in the banking industry. Since I was from the beginning on primed that the finance industry is a highly competitive working environment, my plan was to acquire all of these additional internal educations and degrees. Simply speaking, I thought that I could stepwise acquire the knowledge necessary for a good career while at the same time earning money. I actually do not know whether or not that really works out in real life but I recognized very soon that people who were employed in key positions rather had a degree from a University than from a bank academy. Obviously, working day in and day out in customer care without learning anything new can deteriorate your motivation. This happens especially when you had a very different expectation from the education. Since I could not connect the knowledge that I acquired in my lectures at the vocational school with the practical work at the bank, did not make things better. Due to my disappointment from my employer and the resultant lack of motivation, the overall education became more and more boring for me. As a consequence, I put my main focus on my leisure time activities, such as being with my girlfriend, being at my sister's place, chilling with friends or, alternatively, just being at the gym.

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<sup>2</sup> Note, however, that other financial institutions might have had very different internal policies.



The key moment when I finally decided to dig my heels in and to take responsibility for my life occurred actually during the second year of my apprenticeship. I was sitting in a half-awake-and-half-sleeping-mode in a lecture at the vocational school. All of a sudden it hit me when our form teacher Mr. Reichhelm – while standing in front of the class – warned us: “Make sure that you guys get as much knowledge in here<sup>3</sup> as long as you are young. As you get older, it is not working any longer in the same manner.” When he said so, I almost fell off my chair. I had the gut feeling that he was very serious and that he exactly meant it the way he said it. I felt strongly that he just wanted the best for all of us. At this point I have to emphasize that I (and also all of the other students) had a lot of respect for Mr. Reichhelm. He was about 63 when he taught us and we were actually his last class where he served as the form teacher. Even though he might have seemed old judged by his outer appearance, we did not really perceive him as a typical old guy because he was still fast in his thinking, and it was mission impossible to win any argument against him. It seemed that he knew everything related to the finance industry. That was his strength. On the other hand, he had a great deal of humor and showed at many occasions that he really cared for us banking students.<sup>4</sup> Especially the fact that he continuously encouraged those of the students, who did not have the ability to learn as fast as the others, showed that he was caring. That was the reason for why we students had a lot of respect for him. At that point in time, I most likely would have not paid any attention to those words if someone else had urged me to learn as much as I could while I am still young.

Years later I understood why Mr. Reichhelm’s words could set the ball rolling. I admired him because he displayed both a high-level of competence and warmth in the sense that he cared for us. As we students trusted him, he had the ability to successfully influence me and other students. I am very grateful for Mr. Reichhelm’s words that served as a wake-up call for me. I felt extraordinary strongly that if I want to succeed in my life some major changes were in order. It was clear to me that I would not survive in the modern finance industry’s job market with a practical training biased towards customer service in association with mediocre grades in coursework at the vocational school. Until this point in time my overall performance in coursework at the vocational school was actually rather in the lower third. But guess what happened after I woke up?

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<sup>3</sup> When he said so he pointed with his pointer finger to his forehead.

<sup>4</sup> In contrast to the other banking class that had a different form teacher, Mr. Reichhelm and I organized that our class could even participate in a general meeting of stock company including free beer (and food) for everybody. This was only possible because it happened to be that I owned some stocks of that company. It was somewhat funny for the students of our class to recognize that the students from the other class were somewhat jealous because unlike us, they were supposed to go to school on the same day.

I made two decisions: First, I decided that I will maximize my performance at the vocational school. As long as I gave my best, there was no need to blame myself for anything, right? Second, I wanted to maximize my knowledge. That is why I made the decision to continue studying afterwards at the University. What happened about one year afterwards has been both a puzzle and a surprise to many people: Unexpectedly, I graduated with the highest average scores in the final examinations and I received the award as “Best Student” certified from the German Chamber of Industry and Commerce issued during a special ceremony that took place a couple of months after the final examination.<sup>5</sup> During that ceremony the best students of different apprenticeships (e.g., industrial clerk, insurance salesman, retail salesman, bank clerk, etc.) were invited to attend this event where we got the awards. The key speaker who gave his speech during that ceremony of the Chamber of Industry and Commerce had a doctoral degree in business administration. I have to admit that I was very impressed by the high level of self-confidence that he displayed. During the speech he was talking about that the finance industry needs employees who have a “practical education ...” and so on and so forth, but in my thoughts I said to myself “let the others do the practical stuff, I will study at University, get more knowledge, receive a better job and a higher salary, and along the way I will get your extraordinary self-confidence also”.

First of all, to accomplish this it was necessary to make some major changes in my life. These changes need to be permanent or least for the time you want to successfully succeed in your studies. It meant for me, for instance, that I did not any longer

- go out in nightclubs twice every week
- drinking too much beer
- watch television for hours
- participating in every time-consuming sit-in and/or party
- participating in every announced family event that might have taken many hours (brunches, dinners, barbeques, etc.)
- etc.

All these things were basically pleasures or, in psychological terms, “immediate gratifications”. Of course it was fun to go out in nightclubs and I enjoyed also watching relaxed television or participating in those regular brunch meetings at different places where the family gathered together. But think about the following question: What is the payoff for immediate gratifications in the future? Immediate

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<sup>5</sup> The tricky thing is that in the end of the day all of the grades of the coursework actually do not really matter because employers typically pay only attention to the final examinations. The final grades serve as the deciding signal. That is why the final degree certificate was so important to all of us and we knew this issue actually beforehand.

gratifications in terms of behaviors are actually a type of consumption and the expected payoff (e.g., future payoff) is zero. An alternative to immediate gratifications is “delayed gratifications”. Simply speaking, it means that you are not consuming but investing your time. More precisely, you invest your time to build psychological capital. What’s the payoff for delayed gratifications in the future? As a simple example, think about two alternatives. In the first situation you have a low-qualified job that pays you USD 1,500 per month. That’s not much but as you do not invest your time in building psychological capital, which is required for higher-qualified jobs, you have the benefits of immediate gratifications until you move to your residence in heaven. Let’s assume you have from now onwards 60 years left on earth. Moreover, the pleasures that you need to pay for in the present are limited due to your low income. In the second situation, you invest five out of 60 years into building psychological capital and study at University. Let’s also assume for simplicity that you don’t have any immediate gratifications during that time and that your income after those five years is USD 4,500. Note, that in this scenario you have still 55 years left where you can consume the same immediate gratifications as in the first scenario. In addition, in the second situation you can afford three times more of those pleasures that you need to pay for in the present. The question arises which of those two scenarios is more reasonable striving for? Is the total utility that you get in the first scenario higher or lower than the total utility in the second scenario? Of course, you may enjoy pleasures such as surfing quite a lot when you’re 22. However, I’m very confident about that when you delay this pleasure for five years you will still enjoy doing it when you’re 27. And I’m also sure about that this holds for all types of pleasure that you could come up with.

Nevertheless I cannot deny that my “old life” felt somehow comfortable. But I was willing to die for that old life and to start a new life which meant for me to create new habits and the right circumstances so that I could earnestly start learning something. Of course, people in my personal network were wondering what had happened to me and the fact that I devoted all of a sudden most of my time to myself has undeniably led to some disappointments. However, I would like to refer to the evangelical preacher Joel Osteen, who is author of more than a half dozen New York Times bestsellers, and highlights in his sermon *Keep Your Walls Up*:

In a race nobody focuses on the people in last place. Nobody finds fault and criticizes those who are bringing up the rear – all the focus is on the winners. That’s where the attention, the study, and the analysis and the critiquing is. If people are critiquing you, finding fault, trying to discredit you, it’s because you’re winning. You’re out front, you’re making a difference. I’ve learnt the more favor on your life, the more opposition it will stir up.

In my opinion this is an excellent description of what happens when you progress in your life and others in your social network don't. Don't be surprised if not everybody in your social network will celebrate your accomplishments! On the other hand, such situations offer the unique opportunity for you to determine who's actually your real friend, and who's not because a real friend will not be jealous of you but he or she will be happy to see your progress in life. Furthermore, I had anyways the opinion that it is not my job to justify my decisions to other people and if they are not willing to understand me, I cannot help it. Somehow, I knew beforehand that my changes in life will involve some disappointments for others, but I was willing to take those risks. Most students who were in my class at vocational school did not decide to study at University but tried to get a job at a local bank after finalizing their education. Many people from my former social network were not willing to leave their comfort zone. It is a tragedy to hear the same people later on in life may say things like "if I just had ..." Staying in your comfort zone means that you are not willing to take high risks – or rather you are not willing to take risks that you perceive as high. Have you ever thought about that risks that you may perceive as high could be actually much lower? Perceptions are subjective and can be very deceiving sometimes and hindering you from unfolding your full potential. Aziz Gazipura, who holds a Ph.D. in Clinical Psychology, argues in his book *The Art of Extraordinary Confidence* that the psychological driving force for avoiding discomfort is actually the emotion fear and emphasizes: "There's no hovering, sterile, future bridge that you can just glide across without any discomfort or challenge. Watch out for that comfort stuff, it will kill you!"<sup>6</sup>

When I was in my 20ties, it happened to be that one person in my social network got married with a woman who was in her late 30ties at that point in time. Hence, I had plenty of opportunities to talk to her. (Sometimes I had basically not much of a choice unless I would have decided to be rude.) I got to know that she worked for about 20 years as an administrative assistant at an eye doctor's office and earned about EUR 1,100 per month. That wasn't much income. Social payments to unemployed people that never worked corresponded to roughly EUR 650 – 700 per month in Germany back then. I got the perception that she was very dissatisfied with her monthly income and she often expressed her opinion of herself that she could do so much more. Actually, I had the perception that her dissatisfaction already reached a level of resentment. On the other hand – and that was somewhat awkward funny to me – she wanted to let me know many times that she was proud of "having lived her life" because she traveled a lot and had "so many experiences". Let's be honest here: Someone who is just 40 or something and tells you that he or she "had lived her (or his) life" is in my opinion one beer short of a six-pack. To my mind the fun part of life should start when you are around 40 as you have (hopefully)

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<sup>6</sup> Gazipura (2016), p.130.

managed to have accomplished something in your career and therefore you will feel satisfied and proud about yourself and as a result you may have somewhat deserved to have fun.

Further, due to her resentment, I had the strong gut feeling that her pride was rather fake than real and that she deeply inside her actually regretted that she did never try to get a University degree which would have provided the fundament for being able to get a well-paid job. After I recognized her resentment, I was more and more convinced that a University degree was exactly the right thing that I had to accomplish – at any costs. I did not want to regret later in my life that I missed that chance. At least I wanted to try it. Unsurprisingly, it turned out that the more I progress I had in my studies, the less that woman (and her husband) liked me, which was, in turn, a clear sign to me that I was indeed on the right path. As I pointed out earlier, don't be surprised if not everybody will celebrate your progress in life.

Sometimes you need some light bulb moments that change your life. Life changes are usually accompanied by discomfort but some people are willing to take this step while other people who are driven by fear will avoid discomfort which unfortunately often leads to feelings of regret at some stage later in life. What is it that makes the difference that some people display approach behaviors such as stepping outside of the comfort zone, whereas others show avoidance behavior? According to Dr. Aziz Gazipura it is courage that makes the difference and he defines it as "the ability to confront fear, pain, uncertainty or intimidation. It can be divided into physical courage in the face of pain, hardship and the threat of death, and emotional courage in the face of shame, scandal and discouragement. Its vice of deficiency brings cowardice, and its vice of excess brings recklessness."<sup>7</sup> Moreover, he argues that you cannot beat yourself into courage but you can develop it when repeatedly doing what you are afraid to do. As a consequence, I adopted this specific mindset already before I started my undergraduate studies at University. Mr. Reichhelm's words triggered some transformations of some character traits inside me. In the wake of this transformation, I displayed behaviors which I earlier referred to as earnest. Later on, I recognized that some students that I met along my way when I started my studies at the Christian-Albrechts University of Kiel displayed very similar behaviors but many other students did not. Nowadays I'm working as an Assistant Professor of Finance and therefore I can even contribute with an additional perspective, namely a teacher's point of view. I think this combination will turn out to be very useful for the reader.

One example for a commonality in my student-versus-teacher-perspective: When I was a student, I recognized that there were always some students that were sitting in the lecture room

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<sup>7</sup> Gazipura (2016), p.115.

already 5-10 minutes before the lectures started. (It was not unusual that those were typically the same people.) On the contrary some other students came 5-15 minutes late. This can have, of course, many reasons but it anyways provides some signal. Now, let's consider a working environment in the industry: What's your best guess of what is your boss thinking if you're coming too late to your work? If you do that once or twice per quarter that maybe still okay, but if you do that every second day, your manager will most likely have some conversation with you, right? It obviously signals disrespect and your manager might get the impression that you do not take your job serious. The problem arises when there are many other people that would like to have your job, have the same skills like you do, and are even willing to arrive 10 min earlier to work. Interestingly, from my teacher's perspective I can observe the same patterns in behavior. Of course there is no black and white, but as a teacher I recognize that some students attend the lecture 5 min before the start, others arrive just-in-time, while again others are coming 15 min too late. Teachers typically recognize also that some students make their own notes on the lecture material, while others just take occasionally pictures with their mobiles, and other students are almost sleeping. I can tell that some of these patterns are repetitive. Every behavior serves as a signal (at least on a subconscious level). Think about what certain behaviors signal to others. Implicitly, all those different behaviors tell something about which ones of the students decide to stay in their comfort zone and which ones do not. Throughout this book you will get to know that being earnest-minded is the key to success and incorporates many other behaviors apart from making lecture notes or an extraordinary willingness to take risks (as you regularly step out of your comfort zone.) If you do not have the underlying personality trait that generates those behavior naturally, I think it is still possible to achieve similar outcomes – like those people who have it – simply by first identifying and then embodying the behaviors of those people who intuitively “know what to do and how to do it” into your own behaviors.

Finally, one may argue that many people can make decisions but might have trouble committing to them. Doing significant changes in your life and committing to them might require perseverance also. How can you create a vision and stick to it? I will suggest you a simple exercise adopted from positive psychology. For the next two days, take each day 30 min and write down how your future-self will look like in three to five years from now onwards, given that you continue with your life as it is which means that you do not do any changes. How will your life look like?

- Where do you think you will work and what kind of job you will have?
- How will your health be?
- What kind of friends will be in your personal network?

- If you think about family versus being the eternal single – what will be your marital status?
- How does your leisure time look like?

After completing this exercise, take additional two more days and write each day for about 30 min about your Best Possible Self: Think about how your life will be in three to five years from now onwards if everything is perfect. In doing so, answer the same questions that you elaborated on during the previous exercise. Moreover, write down which actions are necessary to call your Best Possible Self into existence.<sup>8</sup> What actions do you have to take? What are you supposed to do? If you think you need one more day for each exercise, feel free to do that but I do not recommend to write more than three consecutive days for each exercise. It is important that you take your time to fully focus on the exercises without having any distractions.

What is the purpose of those exercises? The first exercise shall trigger your imagination of the worst case scenario. It should threaten you and this fear will work as a motivator for perseverance. This fear should help you to avoid bad behaviors that interfere with your Best Possible Self. The purpose of the second exercise is to trigger your imagination of the best case scenario. It will also serve as a motivator for perseverance, but this motivation is based on positive emotions that are generated from approaching a goal which is in this case your Best Possible Self. This excitement should help you to take on those (good) behaviors that are necessary to stepwise move you towards your Best Possible Self.

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<sup>8</sup> Lyubomirsky (2007), pp.103-108.

## 2.2. *Plans in Hands: Setting-Up Your Coursework*

*“All successful people men and women are big dreamers. They imagine what their future could be, ideal in every respect, and then they work every day toward their distant vision, that goal or purpose.”*

— Brian Tracy, *Personal Success*

### 2.2.1. The roadmap

In this chapter, we will see how important it is to plan your studies from the beginning on. In fact, there is some research available showing that having a simple schedule predicts higher grades at University, but I will come back this issue in a later chapter in more detail.

Before I started my studies at University I downloaded the schedule for my degree program beforehand and read it many times. Then I started to plan how I would set up the coursework and tried to follow the guidelines as good as possible because some courses obviously require the pre-knowledge of other courses. This roadmap was of course very general and later on during my studies some adjustments were necessary. I knew from other students that the probability of not passing certain exams, like *Operations Research* or *Introduction to Financial Economics*, was often 60–80%. Later I recognized that this was indeed true. I was one of those students who received a study loan from the government for financing my studies. This loan was depending on two components: performance and time. Specifically, I was supposed to have passed all courses apart from two courses within five terms in order to maintain the funding for my studies. In addition, the University had some rules also. According to the rules, a student enrolled for undergraduate studies was allowed to re-take every undergraduate exam twice, whereas only two exams could have been re-taken three times. Students who did not manage to accomplish that were kicked out of school – that’s it. In the beginning of my undergraduate studies I got to know a student who did not manage one of the mathematics courses. Even though he passed all of the other undergraduate courses, he was supposed to leave the Christian-Albrechts University of Kiel and continue his studies in Business Administration at the University of Applied Sciences. Unsurprisingly, those students who changed the studies from Christian-Albrechts University of Kiel to the University of Applied Sciences performed remarkably well.

Moreover, I had the awareness that employers pay attention to the study time because it serves as a signal also. If a company receives two job-applications and both candidates have equally good grades and the only difference is the study time, which of the candidates do you think the employer will offer the job first? The answer is clear and the reason for that is of course that a short study time serves as a signal for eagerness. When reading some job adds at that point in time, I had the perception that



employers were actually looking for employees who were 25 years old (young), had a M.Sc. degree with very good grades (even better a Ph.D.), were fluent in at least three languages, and had at least five years working experience. The level of requirements seemed to be ridiculously high and when starting my studies at University I actually did not know anyone who could have met all those criteria.

If you study sports, you will get to know that athletes workout in macro- and micro-cycles to reach their highest performance. For instance, bicycle athletes use the autumn and winter to build up the basic endurance. The basic endurance serves as the fundament for everything else. The better the basic endurance the higher you will be able to perform at your maximum. For training the basic endurance, bicycle riders ride the bicycle at a heart-frequency between let's say 120–125 beats per minute (bpm) for about 3–6 hours, given they are in the mid 20ties. When working on improving the basic endurance they employ sprints on maximum heart-frequencies only occasionally. In the early spring however, they increase successively the amount and durability of sprint trainings. Also they incorporate more workouts where they may ride the bicycle at about 140–150 bpm for about 2–3 hours. If they have done everything all right, they reach in the summer time the physical condition to get the most out of their bodies. They reach their peak performance and have typically competitions every single weekend during the summer time. The workout plan for the whole year is the macro-cycle and every increment within are micro-cycles. In the same manner, your roadmap for the degree program is your macro-cycle, whereas every term itself corresponds to a micro-cycle. Each micro-cycle can be broken down into even smaller pieces. For instance, each exam can be considered as a piece of one corresponding micro-cycle.

If a bicycle rider rode his bicycle at the maximum heart-frequency over the whole year without building a proper fundament, he would burnout and his performance in the summer time would be poor. He most likely will lose every single competition. In the same manner, if you try to write exams where you do not fulfill the pre-requirements, the likelihood is high that you will fail. Like a bicycle rider who needs to build up his endurance by slowly increasing the heart-rate, so you need to follow the order in coursework and build the fundament first by focusing on those courses that you can handle, given your current state of knowledge. As you incrementally increase your knowledge, you can take more difficult courses. Actually, we can learn quite a lot from top-athletes and apply many of their ideas and behaviors to other areas of human life also. Therefore, a good plan for when you take which of the courses is a good starting point, but that is just the beginning. As an example, during the first two terms of my undergraduate studies at the Christian-Albrechts-University of Kiel I focused especially on courses

in mathematics and statistics, and in addition to that on some introductory courses in economics and business administration that did not require a high-level of mathematics.

The undergraduate study program at the Christian-Albrechts-University of Kiel for studies in Economics and Business Administration involved the following five courses in mathematics: *Linear Algebra*, *Differential Calculus*, *Operations Research*, *Descriptive Statistics*, *Inductive Statistics*. The undergraduate program for Diplom-business teacher involved the same courses in mathematics apart from *Inductive Statistics*. Even if you are free to choose which courses you take in which term it is probably a smart move to take the mathematics courses during the first three terms of your undergraduate studies. (And that's probably a good advice for any study program related to Social Sciences.) For example, some of the mathematical methods like the well-known Lagrange-technique are typically used later on in other courses such as *Introduction to Microeconomic Theory*. During my undergraduate studies I got to know that there are only a couple of Universities in Germany that offer the study programs *Quantitative Economics* and *Quantitative Business Administration*. Obviously the Christian-Albrechts-University of Kiel was one of those Universities and I recognized pretty soon that a lot of attention was paid to build a solid mathematical knowledge during undergraduate studies. A few years later I figured out that other Universities do obviously not pay as much attention to that, which is from my point of view a problematic issue nowadays because of the following reason:

In the wake of the rise of information technology in the early 2000s, we have more and more data available and modern companies take that into account also. The Facebook-Cambridge Analytica scandal that happened in early 2018 should make that point of data availability very clear to everybody. I am not talking about stock price data. (That's perhaps only interesting to me and other finance people.) Here I'm talking about data in general. If you work at google, facebook, etc. you work with data and there is one common language to handle data in general and that's not English (and not German either) but statistics and that's nothing else but applied mathematics. I simply assume that the reader of this guide does not study at University to target a job in customer care, and therefore, there is most likely no way around acquiring a solid and healthy fundament in mathematics. Consequently, I recommend students to pay a lot of attention to acquire a solid understanding of the mathematical methods that you learn. Friedrich Nietzsche who is a highly-recognized philosophe said *if you have a Why you can do any How*. It is necessary to develop an interest in anything to really learn it. If you come to understand the all-purpose of mathematics and its universality, you might be more interested in acquiring those skills. In later chapters I will come back to this issue several times.

If it happens to be that your University does not pay much attention to mathematics, you need to develop the awareness that it's your own responsibility to acquire the knowledge elsewhere. You can always check what courses other (perhaps even more recognized) Universities offer and the corresponding course books.<sup>9</sup> Moreover, from my teacher's perspective nowadays I need to highlight that teachers cannot really know what exactly is taught in other colleagues' courses. However, most colleagues follow some standard course books and since you know this knowledge indeed is "standard" you need to develop this sense of responsibility to acquire this knowledge at any costs – with or without the help of the teacher. Afterwards you have, of course, the right to judge some teachers as "good teachers" and others as "bad teachers" – this judgement, however, should be independent from your ex-post acquired level of knowledge. I am totally aware of that students evaluate the performance of their teachers.

When I was studying at the vocational school I had one teacher who usually was unprepared for his lectures. Once he even came to school without his suitcase. This was unbelievable to all of us students. Since I was the class representative I made a notice in our class register that the teacher attended the class without his suitcase and consequently without any teaching material. Next lesson he did not seem to be so happy about that entry but from my point of view it was just fair as we students also got notices in the class register when we forgot our homework, for instance. Moreover, do you think we students had a lot of respect for that teacher? There were many occasions where the teacher came into our class and asked us: "What do we want to do?" In particular towards the end of the education, I recognized that I experienced more and more anger after he said so and I guess many other students as well. We wanted to be well-prepared for the final examinations that were very important to all of us, but he did not seem to care at all about that. However, I understood very well that he would get his salary anyways, irrespective of whether or not I would pass the final examination. I understood that I need to take responsibility for my own success. Therefore, I invested some money, bought the latest course book relevant for that course, learned everything by myself, and passed the final examination very well. Paradoxically, the situation had another interesting and positive effect:

Since I acquired basically all of the (relevant) knowledge for his course on my own, I took a high-level of pride in passing the final examination because I accredited only myself with the success. From a psychological perspective, you feel gratitude for a teacher when passing an exam, given you consider the teacher being a "good teacher". Why is that? First we need to identify what is actually a "good teacher". Harvard psychologists John Neffinger and Mathew Kohut have the answer and document in

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<sup>9</sup> For instance, MIT offers some lectures online.

their book *Compelling People* that “the teachers we remember fondly years later are the ones who got us to focus and learn while always making clear how much they cared about us”.<sup>10</sup> This implies that we perceive those teachers as “good teachers” that we judge as both highly competent and at the same time very caring for the students. According to that definition, someone who is judged as incompetent and careless is unsurprisingly perceived as “bad teacher”. I think this point is pretty much straight forward. Therefore, if you pass an exam for a course where you perceived the teacher as a “bad teacher”, you feel proud of yourself instead. And most likely you feel much more pride than in the former situation, as the “bad teacher” did not contribute to your success. As a result, even if you face a situation where you have a teacher that you perceive as “bad teacher”, you can benefit from it by taking more responsibility for your own success, and as a consequence, acquiring a higher level of pride, which is perhaps one of the strongest emotions for human beings. Moreover, understanding the urge of acquiring the basic knowledge needed for follow-up courses should actually be enough motivation for you to acquire the corresponding knowledge – at any costs. For instance, I know from some of my students that they nowadays often use youtube videos to educate themselves. Other students form learning groups where they discuss issues and learn by having engaging conversations.

### 2.2.2. Attending to lectures

Mark Bowden who is known as the top-bodylanguage expert highlights in his book *Winning Body Language* that “... work by the department of psychology at the University of Chicago has shown that when spoken language is accompanied by meaningful speech-associated gestures, comprehension is improved.”<sup>11</sup> What does this tell us about attending to lectures? Well, if the teacher is competent in the sense pointed out in Bowden’s book then you should learn faster than reading a book by yourself. And this is exactly my own experience as a student: Some teachers had the ability to explain difficult concepts that well, that I did not even read a course book and in most cases I passed the exams pretty good anyways.

Another thing that was a part of my daily routine was to print out the lecture material one day before attending the lectures. I did this basically always – from day 1 at University onwards. I think it’s smart to make your own lecture notes during the lectures and somehow to link your thoughts to what is being said in the lecture. I am not sure if it is scientifically proven whether or not it actually accelerates

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<sup>10</sup> Neffinger & Kohut (2013), p.28

<sup>11</sup> Bowden (2010), p.99.

the learning process, but it worked at least for me very well. Since I know some of my top-students quite well, I paid attention and observed that they do basically the same thing like I did many years ago using pen and paper. (Nowadays many people are used to use electronic devices to make lecture notes. I think it doesn't make much sense for lectures where mathematical derivations are discussed or where many graphical illustrations are painted on the whiteboard.) On the other hand, they also often take pictures of mathematical derivations using their mobiles. Another thing that I did as a student sometimes during the lectures (later on in econometrics) was to record the lectures with my mp3-player that I would put on the table while sitting in the front row. I came up with the glorious idea during a conversation with some of my fellow students who all agreed on the same thing: "When Professor Herwartz explains the stuff everything is clear and understandable but when I'm sitting home alone it is so difficult to get it."

Professor Dr. Herwartz was teaching econometrics at the Christian-Albrechts-University of Kiel at that time. All of us students had deep respect for him. We perceived him as highly competent and he had the ability to explain very difficult econometric concepts in a manner so that we could understand it. (If you want, feel free to google "Professor Helmut Herwartz" and check his list of scientific publications. When I go through his list of scientific publications I am just wondering how is it possible to create this huge amount of knowledge within that short time window? It's overwhelming to me.) We shared also the opinion that he had the ambition that we would really learn something in his courses. When he explained the concepts in an intuitive manner providing real life examples, everything made sense. Therefore, I decided to record his lectures with my mp3-player and at home I could listen to him again and again while complementing (and fine-tuning) my lecture notes. I can tell it helped me a lot!

Even if it happens to be that you end up in a situation where you find that the teacher is not that good in explaining the lecture content, it might make sense to attend to the lectures anyways. According to my own experience as a student, most teachers gave us reasonable hints for the exams. One teacher at the Christian-Albrechts-University said straight ahead that it is "our task to read" him. In other words, he said that he would give us hints for the exams during his lectures and we were supposed to figure out where he would put the most attention to. But even if the teacher is not giving straight up tips concerning the exam questions, one has the possibility to observe how much time the teacher is spending on each subject and thus determining its importance. On the other hand, if a teacher even tells you straight ahead what he will ask, the probability is high that he will exactly do so. This is at least my own experience as a student. Nowadays I do exactly the same thing as a teacher. Often I go even one step further and provide many exam questions beforehand during my lectures. I even repeat them a

couple of times so that students have the opportunity to make notes or write them down word-by-word. Most of my colleagues provide similar help to the students.

Surprisingly, I found even if I provide exam questions in association with the correct answers beforehand, about half of the students do not pass the exam anyways. My colleagues actually have very similar experiences. This is an interesting issue, right? Unsurprisingly, I observed actually the same phenomenon when I was a student. For instance, I remember some teachers that were teaching the compulsory law courses. They told us exactly what they would ask in the exam, what we were supposed to learn, and how we are supposed to answer the questions. But many of my fellow students did not really care about that and therefore did not pass the exam. I have actually no idea what words would describe this behavior the best – but to my mind it does not seem to be rational behavior.

### 2.2.3. A student's job description

In some undergraduate courses I was sitting together with more than 500 other students. It was strange for me to recognize that some students came to the lecture 15 min too late and then started reading the newspaper while others had a 90 min-lively-discussion about something completely unrelated to the lectures. When you want to keep focus and follow the lectures, you usually do not care so much about the guys reading the newspapers but you might get annoyed by those who are talking and laughing 90 min in row. After a couple of terms I saw one of the newspaper readers again in a bus in Kiel. I perceived him as being surprisingly humble at that point in time. I figured out that he didn't make it through his studies. Probably his behavior became a kind of a self-fulfilling prophesy. Later on in my graduate studies I have not observed anyone who would read the newspaper during the lectures. I have also not recognized any students that would have a 90 min lively discussion about their leisure time activities. There are two explanations for this phenomenon: Either the students that displayed those behaviors in undergraduate courses didn't make it or they changed their behaviors. Interestingly, I observed that the Professors that were teaching undergraduate courses were pretty relaxed about how students behaved during their lectures. Probably they knew that as time passes by the wheat will be separated from the chaff.

Moreover, think of it from an employer's perspective: What would you say is the job description of "being a student"? I think the fundamental job description looks something like this:

- preparing for the lectures
- attending the lectures (at least as long as if the it does not happen to be an online-course)

- making lecture notes
- learning the course content
- doing the exercises
- taking exams

If employees in the private industry do not meet the job requirements, sooner or later they get fired. And there are many other people who are willing to do the same tasks. I actually went sometimes to the lectures even with having fever. I admit that this was somewhat extreme behavior but I found that there was a clear red line in many courses implying that the knowledge of each lecture built upon the knowledge of the previous lectures. During your studies you will pretty soon recognize that the amount of learning content in a 90 min lecture can be huge. Once you miss a lecture it could turn out to be mission impossible to close the gap of knowledge until the next lecture takes place which means, in turn, that you are “out of the game”. Taking a course twice can be costly and risky endeavor in particular if one is dependent on study loans, as described in the beginning. Therefore, it was very important for me to plan beforehand which courses I would take in each term, and I followed this plan at any costs. Finally, lectures also provide an opportunity to meet fellow students. It’s not an official part of the job description but certainly worth mentioning. Having the right social contacts is perhaps one of the most important keys to success and I will talk about this issue in more detail in another chapter.

## 2.3. *Learning for Exams and Developing Self-Confidence*

*“Exam preparation is an occupational therapy”*

—Jörgen Reichhelm

### 2.3.1. Planning for exams

During the undergraduate and graduate studies one has to write many exams. According to my experience it is not possible to learn for eight exams at the same time and passing all of them with an excellent grade. In this regard, it is important to bear in mind that it is common practice that many students do an internship between undergraduate and graduate studies. Large financial institutions receive hundreds of applications. If you receive 300 applications for two internship positions what do you think might be most likely the key criteria? It is obvious that the undergraduate degree's average grade is the key signal unless it happens to be that you have acquired some other outstanding skills (that are important for the job but no one else apart from you has acquired them.) Having this awareness motivated me already enough to get the most out of every exam that I wrote (even though I was in the lucky position that it was actually not that urgent for me to do an internship because I already worked for three years in the finance industry before starting my undergraduate studies).

I realized that the amount of coursework was so overwhelming that I decided for each term to take about two to three exams on the first trial and then again two or three additional exams on the re-take (second trial). The first exam for each course takes usually place one week after the lectures are finished, whereas the second exam usually takes place a few weeks later. Even if I regularly attended to all four to six lectures, I focused on learning the lecture notes and corresponding exercises for at maximum three courses simultaneously and I found this to be a good guideline if you want to score high. The human brain's ability to process information is limited. I found it was possible for me to learn about 70–90% of the content of maximum three lectures at the same time. Then during the lecture-free time, I used the time to learn for the other two to three exams. Using this strategy, I passed 18 out of 20 exams with a good course average grade. The remaining two exams I needed to re-take though.

On the contrary, one of my fellow students took up to eight exams on the first trial. He told me that he passed the courses with very low grades but that was all right for him because he did not want to work in the industry anyways. It was his goal to become a teacher at a vocational school due to the benefits that I highlighted earlier. Luckily, at that point in time, the average grade of the undergraduate degree was irrelevant for enrolling for the graduate studies. However, time has changed and nowadays it might make sense to target high grades even if you do not want to work in the private industry simply



because graduate studies are typically constrictive nowadays, and the obvious selection criteria for entering graduate studies is the average grade of the undergraduate studies.

Given my individual resources (e.g., time, cognitive attention, money, etc.), my goal was to get the most out of my studies, not only in terms of grades but also in terms of acquired knowledge. The psychological effect of giving my personal best in every exam was that even when I did not get the highest grade in an exam there was nothing to regret and I felt good about the outcome of my performance anyways. Moreover, preparing for three exams simultaneously means that you have to allocate your time for learning between those three courses. For some courses it might be easier to score high, whereas it may be more difficult for other courses. If you want to score high in all three exams it can be wise to allocate some more time to the courses that are not a part of your personal strengths.

Another important issue is to get some old exams in a good time beforehand because of the following reason: The probability is high that you have the same Professor like other students before you in the last couple of years. To my mind, old exams can give you a good guideline or at least a clue of what are the topics that the corresponding course teacher is most interested in. If you go through a couple of old exams before the course is starting, you might encounter some of these minor light bulb moments during the lectures which will dramatically increase the learning process. When I was a student, one of the other students organized some old exams for one of the courses for me. I have no clue of where he got it from because officially there were no old exams available. (In those situations: better not to asking.) Having a smile on his face he told me that the corresponding Professor “always asks the same questions for many years”. When I took the exam I recognized that this was correct. Moreover, I observed that some undergraduate students did not even go to certain lectures but instead focused on learning the content of the exercise sessions and solved all available old exams. This is also a time-consuming strategy and makes sense in undergraduate statistics courses. Those students did surprisingly well in the exams. On graduate level, however, this strategy is less likely to pay off because the exam questions are typically much less standardized.

### 2.3.2. The learning process

Imagine you want to compete in pull-ups. At the Swedish Championships in Pull-Ups you have 100 seconds time to do as many competitions as you can do. Of course, you are not allowed to cheat by swinging your legs to make the pull-up movement easier. There are a few judges who are all around you and observe every single movement. How do you prepare to win such a competition? Do you think you

it's enough to do 500 pull-ups the day before the competition takes place and then score high at the competition? There is only one answer: No. It's a long term project. You start usually one year before and workout twice per week. You have one workout unit each week where you do about 100 repetitions in one hour. Every week you increase the volume, that is, the number of repetitions. After each month you use extra-weight, start again with 100 repetitions and then, again, increase the volume every week. After 12 month of high-intense resistance training with about 6000-8000 repetitions you are ready and on the day the competition finally takes place probably, you are probably able to do more than 30 pull-ups and will get a good place within the upper third of the athletes. At University, your competition is the exam.

If you want to prepare yourself successfully for exams, the most important thing from my point of view is focus. I actually learned to learn during my education at vocational school. During one lecture Mr. Reichhelm said: "Exam preparation is an occupational therapy." He meant that one has to keep oneself cognitive busy with the learning content 24/7. This wisdom is actually nothing new. Already in the former Roman Empire one could find the old Latin phrase engraved into stone: *Repetitio mater studiorum est*. Repetition is the mother of all learning. When preparing for exams during my doctoral studies I solved the exercise questions again and again. I could easily write ten DIN-4 pages of derivations and then in the end of the day I compared my results with the exercise session teacher's solutions of the question set, checked my mistakes and then throw everything away. The next day I did exactly the same thing again. Every day I made less and less mistakes. After 14 days, I was pretty well prepared for the exam. Another thing that I recognized was that the more often I repeated the exercises the more I developed to see the problem sets from a bird's eye view. Unsurprisingly, developing a "bird's eye view for successfully managing exams" was also a suggestion from Mr. Reichhelm.

I am aware of that some students follow a different strategy: They try to learn the whole course content in two or three days before the lecture. This strategy has comes at some costs. First of all, the short-term memory is limited and most likely you will not able to learn the whole content which means that you will have some (major) gaps. Even if some of those students manage to pass at least some courses, how much do you think they have actually learned? How much of the content do think they are able to recall during their graduate studies? I found it is a smarter move to store as much information as possible in the long-term memory so that you can actually recall what you learned at a later stage. Therefore, repetition is to my mind the most powerful way of learning. Moreover, I found the most important thing when learning and preparing for exams is to create an atmosphere where you actually are able to stay focused. This can mean various things for different people. I typically need to be in a

place of silence with a strong exposure to light. A friend of mine told me that he learns the best when sitting in a café among many other people while listening to some music with his headset. People are different and I assume everybody knows by herself what works the best for her. The key is to realize that it is your own responsibility to take actions that are congruent with your desired outcome.

### 2.3.3. Dealing with distractions

Your enemy number 1 will most likely be your smart phone. Amy Cuddy, who holds a Ph.D. in Social Psychology and was working as Associate Professor of Psychology at Harvard University, emphasizes in her New York Times Bestseller *Presence* that “technology already makes it hard enough to be present. Rather than engage with people we’re sitting next to, we’re absorbed in our devices, responding to old e-mails and status updates, transporting ourselves out of the moment, disengaging from the world around us. Our devices are ... cognitively stealing our attention away from the moment [...].”<sup>12</sup> I can hardly describe it more accurately than this statement does. The truth is that I see too many people being distracted by exaggerated usage of their mobiles. The truth is also that your smart phone will actually make you dumb – unless you use it wisely. And there is some overwhelming evidence for that. In her book *The Cyber Effect*, Mary Aiken, who holds a Ph.D. in Psychology, describes the impact of digital technology on human behavior; especially the effects of excessive usage of mobile devices. She highlights that “a highly impulsive individual – in all three aspects of impulsivity – tends to be restless, happy-go-lucky, uninterested in planning ahead or saving, not future-oriented”.<sup>13</sup> Unsurprisingly, mobile devices are constructed in a way that stimulates exactly those behaviors and, even more alarming, are designed to cause addiction. In this regard psychologist Dr. Mary Aiken argues that

online anonymity offers you a sense of safety. Joining an online community, or participating in a multiplayer online game, can give you a sense of belonging. Getting your Instagram photos or Facebook posts “liked” meets a need for self-esteem. But that’s just the beginning of social-networking rewards and pleasures. According to psychiatrist and author Dr. Eva Ritvo in her article “Facebook and Your Brain”, social networking “stimulates the release of loads of dopamine as well as offering an effective cure to loneliness. Novelty also triggers these ‘feel good’ chemicals.” Apart from high on likes, posting information about yourself can also deliver pleasure. About 40 percent of daily speech is normally taken up with self-disclosure – telling others how we feel or what we think about something – but when we go

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<sup>12</sup> Cuddy (2016), p.227.

<sup>13</sup> Aiken (2016), p.48.

online the amount of self-disclosure doubles to 80 percent. According to Harvard neuroscientist Diana Tamir, this produces a brain response similar to the release of dopamine.<sup>14</sup>

Having the awareness of your own behavior is the first step to control it. Nowadays there are even apps available that you can download to monitor how often you are actually using your mobile device on a daily basis. To the best of my knowledge there are almost apps for everything. I strongly recommend that you do not allow your mobile device to distract you from your learning process. Don't become a slave from your mobile device. It is your own responsibility to take control of your behavior. One of my undergraduate students told me: "There are countless apps for time monitoring but there are also apps that you can use monitor your time spent on studying; I for example first started out with "Pomodoro" to help me focus on studying, it's basically a timer that times 25min of study time then a 5 min pause etc. Quickly I noticed that I didn't even need the timer as I didn't want to take the breaks when in middle of studying. Later on I moved on to a more comprehensive tool to monitor all my activities during the day so that I can see where all my time is going, lesson learned: there are smart ways to use your smart phone." And yes, he's definitely right: There are smart ways to use your smart phone! It's up to you to decide how you use your devices!

I also would like to mention that you do not substitute face-to-face conversations with people in real life with meeting "online-friends" in cyberspace. If your main residence turns out to be cyberspace, this is your wake-up call to make some changes. You need to be smart enough to understand that it is not your virtual self in cyberspace that has human needs but it is the real you who does. Why is real life better than cyberspace? Psychologist Dr. Aiken points out that the way how people present themselves in cyberspace is "highly manipulated". Moreover, she argues that exaggerative residence in cyberspace "could be socially isolating".<sup>15</sup> An interesting TED talk about the effects of cyberspace and in particular social media is entitled *How social media makes us unsocial* from Allison Graham which is available on youtube.<sup>16</sup> When I have conversations with some of my high-performing students, they do not check their mobiles a single time during our common face-to-face conversation. And during my lectures, they use their mobile devices for one single purpose only, that is, taking pictures of my mathematical derivations on the white board.

However, there are also other enemies that might try to steal your attention. Excessive mobile usage is an obvious disturbance factor. Living in a social environment, there are many other factors that could distract you. According to my experience, another top-candidate is drama. My advice is not to

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<sup>14</sup> Ibid., p.51.

<sup>15</sup> Ibid., p.172.

<sup>16</sup> The TED talk is available on [www.youtube.com/watch?v=d5GecYjy9-Q](http://www.youtube.com/watch?v=d5GecYjy9-Q).

take the bait. If someone wants to start an argument with you or wants to bait you into conflict, you have to be assertive enough to say “thanks but no thanks, I don’t need drama in my life”. Sometimes it is your own family members that may cause troubles in your life. In many aspects, I found the advice from the evangelical preacher Joel Osteen very useful. In his sermon *The Right People* he emphasizes:

But – in all seriousness – there are family members and relatives that cannot go where you are going. You should always treat your family with respect, but you do not have to spend 24 hours a day with them. Some of your relatives, you have to love them from a distance. That family reunion once a year is all God is asking of you.

Moreover, there are also other things that can distract you that rather have to do with your own actions, respectively, your not-acting. As an example, you need to make sure that you have funding for your studies in good time before your studies are starting. If you do not have rich parents, who enjoy paying your bills, you need to solve this issue, again before your studies are starting. In some Western countries students may receive some funding from the government. But this involves, for instance, a lot of administrative work such as filling in several applications and contacting the corresponding government agencies again and again. This can be both very annoying and time-consuming and therefore it needs to be done in good time in advance so that you can be at a state of ease when your studies are starting as you have certainty about the coverage of your living costs. In other countries it is perhaps so that you need to apply for funding by external foundations because you would not get any financial support from the government which also means a lot of administrative stuff that needs to be done before the studies are starting. Even the studies themselves involve administrative actions such as registering for exams, organizing course books in the library, etc. This administrative stuff can be very exhausting, energy-consuming and annoying. Therefore it is a wise decision to fix as much as possible of that stuff (which is under your control) before your studies are starting.

#### 2.3.4. Coping strategies for severe distractions

While drama is perhaps an example for a minor distraction, sometimes much more severe distractions may occur along the way. As an example, some students are facing a break-up situation in the middle of writing their final thesis. A relationship break-up can be a traumatic event for many people. One of my students, who had an excellent idea for his master’s thesis, disappeared all of a sudden after our first master thesis group meeting where I served as his supervisor. A couple of months later I heard from a fellow student, who was one of his buddies, that he moved away from the city for some time because he needs to process his break-up. I agree on that traumatic events are tricky to deal with. Luckily,

modern applied positive psychology gives us some effective tools in our hands. Two of them I would like to mention here. I also would like to note that I was not aware of these tools when I studied. In this sense, those of you purposefully read this guide will have a competitive advantage.

In summer 2010 when I started working as Risk Analyst at the Merchant Control Department with the Swedish bank Klarna AB, I met my colleague Joachim who was about 22 years old at that time. A couple of months later I got to know that he broke up with his girlfriend. This was surprising news for me because I knew that he had been on road trip with her during his summer vacation – they had fun and everything seemed to be all right. At least it was my perception that everything was all right. We talked about this issue and when I was wondering how he would deal with it, he answered me that he wrote down every occasion when she did something that hurt him. He added that according to his own experience he would have forgiven her otherwise if he had not reminded himself because humans tend to remember rather the positive. He emphasized that he had already forgiven her many times and he was convinced that she would not change in the future. So, every time a positive memory would come up in his mind that could interfere with his decision to break up with her, he would look at his notes and recall the times she hurt him. I was surprised to hear that but many years later when I started to read the positive psychology literature, I remembered Joachim and realized that he intuitively did the right thing, given the situation that he faced.

Therefore, the first scientifically proven tool that may help you to deal with traumatic events is referred to as *Expressive Writing*. Sonja Lyubomirsky, who holds a Ph.D. in Psychology, documents in her book *The How of Happiness*:

The growing body of results in this area reveals that such expressive writing about past traumatic events has many beneficial consequences. Compared with control groups, people who spend three days exploring their deepest thoughts and feelings about ordeals or traumas in a journal make fewer visits to a doctor in the months following the writing sessions, show enhanced immune function, report less depression and distress, obtain higher grades, and are more likely to find a job after unemployment. These effects have been found among a variety of individuals, healthy and sick, young and old, poor and rich, and those residing in Europe, East Asia, and North America.<sup>17</sup>

Hence, I recommend doing the following exercise: The first three days after a significant negative experience occurred, you determine a 30 min session for three consecutive days where you fully focus on this negative experience only, without any distractions. Within each 30 min session you write down in a word-file every feeling you have (sad, disappointed, relieved, angry, etc.) related to that event and

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<sup>17</sup> Lyubomirsky (2007), p.164.

the corresponding thoughts that you have. In particular, if you are dealing with a break-up, neuroscientist Dr. Amir Levine and M.Sc. Rachel Heller recommend in their book *Attached* to recall moments in your past relationship where your ex-partner made you feel bad and write them down.<sup>18</sup> My guess is that you will always find something. (The purpose of this exercise is to deactivate your attachment system.)

Another thing that I recommend writing down during these sessions is potential benefits that may emerge out of that situation. It may be almost a kind of arts to find the positive in the negative but I am sure whatever situation one may face, one can always come up with an idea how it could potentially benefit you. What opportunities could arise out of this event? How could you benefit from it? Use the first 10 min of each writing session to read the notes from the previous session and revise them, if necessary. I recommend performing each writing session 100% focused and as fast as possible. I suggest also using an alarm clock that rings after 30 min and then you stop. If you plan the session for the evening, for instance, and some random thoughts pop up during the next day, then you can make short notes of these thoughts during the day and then you write about them during the expressive writing session in the evening. The key point is that you devote this time window of exactly 30 min per day for consciously organizing your (subconscious) thoughts, and by doing so you can re-direct your attention on your main goals for the rest of the day. Your mind will not let you go until your story is completed!<sup>19</sup>

While *Expressive Writing* is a cognitive tool, there is another powerful tool that changes immediately your nervous system and decreases the level of stress that you probably experience during that time. You might be surprised, but it's breathing or rather *Controlled Breathing*. Psychologist Dr. Amy Cuddy highlights that

Slow exhalation triggers your parasympathetic nervous system, decreases your blood pressure, and increases your HRV [Heart Rate Variability]. Hundreds of studies have measured the effects of relaxation-focused breathing, with similar results. Psychological outcomes include reduced anxiety and depression and improved optimism, emotional control, and pain management. Behavioral outcomes include reduced aggression and impulsive behavior as well as improved addiction management and work and school performance.<sup>20</sup>

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<sup>18</sup> Levine & Heller (2010), p.215.

<sup>19</sup> Retrospectively, I actually remember even another student who did this exercise. I met her during my studies in Kiel. She studied law and was a pretty hard-working student. I had the perception that law students were studying 16 hours a day. When she told me that she dealt with her break-up situation by just writing down all of her thoughts, I thought this is perhaps how women might deal with such issues, and therefore I did not pay much attention to it. Obviously, I was very wrong in my opinion. It's a general method which is useful for anybody – irrespective of the age, gender, social status, etc.

<sup>20</sup> Cuddy (2016), p.190.

Why does *Controlled Breathing* work? There is short answer and a long one. The short answer is: Like the mind has an impact on the body, so does the body have an impact on the mind. This phenomenon is a part of the concept of embodied cognition. For an interesting overview and detailed information about body-mind approaches I recommend the interested reader to consult Amy Cuddy's book *Presence*, for instance. I also recommend watching the interesting TED talk from Dr. Alan Watkins entitled *Being Brilliant Every Single Day* and the TED talk from Dr. Sundar Balasubramanian entitled *The Science Of Yogic Breathing*. Both are, of course, available on youtube.<sup>21</sup> There is a huge amount of research in this topic but to keep things simple I recommend Ujjayi Breathing (Victorious Breathing) which is perhaps the simplest type of Yogic Breathing. In this case you actually have a useful application of your mobile device: Put your mobile on eye height and start the stopwatch. Put your hands on your hip (akimbo) while standing up straight. It is important to note that many people usually breathe from their chests and therefore take shallow breaths.

In contrast, Yogic Breathing incorporates abdominal breathing, or diaphragmatic breathing, where your inhalation and exhalation begin and end in your belly; that is, you expand the belly first then the chest. Having your hands akimbo makes diaphragmatic breathing, from my experience, more natural and easier. Now, do the following: While watching your mobile, at second 2 you inhale slowly until second 10 and then you keep the breath until second 12. At second 12 you slowly exhale until second 20. At second 22 you start the next breathing cycle and so on. Doing so means you have three breaths per minute.<sup>22</sup> Note that you need to gently constrict the back of your throat as you inhale. If you're doing the Ujjayi Breathing in a correct manner, your breathing should sound like waves in the ocean. More precisely, the inhales can be compared to the sound the ocean makes as the water is gathering up to form the wave, whereas the exhales are comparable to the sound of the waves crashing to the shore. If you do Ujjayi Breathing 15-20 minutes and twice per day (lunch time/evening) you will recognize the effect of calmness and relaxation pretty soon. So even in the middle of severe stress you can use your body to calm down your mind so that you can maintain a state of calmness that, again, allows you to direct your attention on your main goals for the rest of the day.<sup>23</sup>

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<sup>21</sup> The TED Talk from Dr. Alan Watkins has three parts.

<sup>22</sup> For an excellent introduction to Ujjayi Breathing, I recommend an instruction video from Esther Ekhart which is available on youtube on [www.youtube.com/watch?v=kQA\\_VQcJLv4](http://www.youtube.com/watch?v=kQA_VQcJLv4).

<sup>23</sup> There are also other effective interventions proposed in the Applied Positive Psychology literature and I recommend the interested reader to consult the corresponding literature in this field.



### 2.3.5. Dealing with exam results

What does a passed exam mean to you? From my point of view, a passed exam is a victory and a passed exam with a good grade even is a great victory. You certainly know the famous quote from Francis Bacon "Knowledge is Power". A passed exam is a signal for an increase in knowledge and therefore a signal for a higher level of competence. Moreover, it is one more step towards accomplishing your final goal, that is, the degree. The more difficult the exam is, the more proud you should feel when passing it. There is nothing wrong about showing your pride. Psychologist Dr. Sonja Lyubomirsky argues that "researchers advise that you shouldn't shy away from pride: Pat yourself on the back; tell yourself how hard you've worked for this moment; imagine how impressed people might be. Do the same for your spouse or cousin or best friend."<sup>24</sup> As an example, if you won a trophy at a Fitness Championships you would not hide it but place it visible to everyone who visits you in your glass cabinet at your home, right? Moreover, you would most likely ask someone to make a picture of you having a big smile on your face and your trophy in your hands and then you would even post it on different social media channels, right? Afterwards you would meet up your friends and celebrate your success and you would describe in very detail how you performed during that competition and you would express how you felt about it. You are fully present, which means "engaged", in that very moment of success.

Every time you see your trophy or your social media post, you remember this day which gives you positive emotions. In Applied Positive Psychology the awareness of pleasure and the deliberate conscious attention to the experience of pleasure is called "Savoring".<sup>25</sup> In the same manner you can think about a passed exam. A couple of weeks before I wrote an exam, I was fully focused on the learning process. The process of fully paying attention is, of course, enormously taxing for the nervous system. However, knowing that I gave my very best, I had nothing to regret afterwards.

As a consequence, I was actually looking forward to writing exams because after the exam I typically experienced a feeling of relief, whereas I recognized that others, who might not have given their very best, often left the exam with a feeling of shame. Moreover, I developed the habit of being extra kind to myself after every exam that I wrote because I had the attitude that I deserved it. Being kind to yourself can mean different things for different people: For me it meant that I invited myself to the steakhouse, went to the cinema with friends, took a beer with some fellow students who also took the exam, etc. On the other hand, for my friend Toni it meant to ride the bicycle for at least four hours in row. People are different and enjoy different things. Creating the habit of rewarding yourself by

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<sup>24</sup> Lyubomirsky (2007), p.197.

<sup>25</sup> Seligman (2002), p.107.

consciously spending some time for things that you really enjoy after the exam might give you some extra motivation to keep your focus before the exam.

What is an exam for you that you did not pass? Most people would perhaps answer: "It's a failure." However, I'd like to give you a new definition: I define an exam that is not passed yet, as an opportunity for personal growth in terms of a potentially extraordinary increase in competence. An exam that you did not pass yet means that at that specific moment when the exam took place, you have either not acquired the necessary knowledge yet or you could – due to some other (external) reasons – not access that required knowledge to pass that specific exam. Perhaps, you would have even had the corresponding knowledge accessible to pass the exam if the question set had been slightly different. Maybe there were some other uncontrollable factors that interfered with you on that specific day. Life happens and it happens to all of us.

In fact, during my undergraduate studies I did not pass the exams for two courses, *Introduction to Financial Economics* and *Operations Research*, on my first attempts. Concerning these courses I have to admit that I focused too much on learning the exercises only and that was obviously not enough for passing the exams. My plan for those courses was to take the re-take exam as my first trial and as I did not pass them, I was supposed to take those courses once again in the academic year that followed. The second time, however, I was much more determined and learned both the lecture material and the corresponding exercises which was, of course, much more time-consuming. By the way, if a Professor says during the lectures that certain chapters in the book are not relevant then you can really skip them and pay your attention rather to what has been the focus in the lectures. According to my experience Professors do fair play and typically no one asks things that have not been discussed in the lectures. Then, the second time when I took those exams, I successfully passed them. Moreover, I felt that I deserved those good grades because I put extraordinary effort in learning the overall lecture content. And that's the difference between passing an easy exam with a good grade and passing a difficult exam with a good grade – you will feel much more proud of yourself when passing the difficult exam with a good grade. As the exam is more difficult, your perception will be that your level of competence increased relatively more compared to the passed exam that was easy.

In the end, it's up to you to decide what perspective you take: If you have not passed an exam yet you can choose to consider it either as a failure or as an opportunity for acquiring an extraordinary level of competence and, as a result, a higher level of self-confidence. I saw once a post on Instagram with a quote from George M. Moore jr. saying "A winner is just a loser who tried one more time". As an example, as I had the opinion that my performance in the fitness exercise Bar-dips was quite good, I

decided to compete in 2014 for the first time at the Swedish National Championships in Bar-dips (SM Bar-dips) which took place in Gothenburg at the Fitnessfestivalen which is perhaps the largest Fitness event in Northern Europe. Even though I managed 53 repetitions in 100 seconds – which is the time limit – I didn't make it to the top-3. Christian Eriksson won with unbelievable 69 repetitions, that is, 30% more than I could do. I remembered that he had a very different style how he did this exercise and another competitor asked me with a smile on his face: "What is he doing? Crossfit?" I didn't know, but what I knew was that he was pretty good at what he did. Even though I was disappointed, I participated in 2015 once again at the Swedish National Championships in Bar-dips. During the whole year, I trained a lot of Crossfit – Surprise, surprise! Moreover, I studied some literature in Sports Science and figured out that so-called Tabata-Training increased significantly VO2 max. Hence, I added Tabata workouts that are often referred to as High-Intensity-Interval-Trainings (HIIT) to my regular training sessions. In November 2015 at the Swedish Nationals, Christian Eriksson participated once again. He was in a good shape and wore his black compression clothes once again. Surprisingly, we were instructed to use a different technique when doing the exercise which meant that we were supposed to wait 0.5-1.0 seconds in the starting position between each repetition. As a result, all of us managed less repetitions than we probably had expected.

When it was my turn, 44 of my repetitions were approved by the new judges. It was quite all right but I was not satisfied with my performance. After me, Christian was supposed to perform and he managed 60 repetitions but the new judges approved only 54. This time, Christian made the second place. I could see that he was very disappointed and I could understand that. From my personal point of view, I think Christian should have actually won the Championships. The problem is that you never know who is judging or whether there are changes in the rules. Like it was for Christian, so I felt disappointed as I again did not make it to the top-3. Again I did not reach my goal. However, I took my camera with me to that contest and recorded the competition.<sup>26</sup> Afterwards, I decided to continue with Crossfit and HIITs but I also studied Christian's technique in detail. I watched his performance many times and copied his technique. In November 2016, I put on black compression clothes, like Christian Eriksson used to do, and employed the same technique as he did for performing Bar-dips. That year, I finally reached my goal and won National silver in Sweden. I was a bit disappointed that I did not see Christian again. When I contacted him he told me about another incident and that he consequently lost his interest in competing. I certainly understood his point of view. In any way, he's a great athlete from my point of view.

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<sup>26</sup> The video is available on youtube at [www.youtube.com/watch?v=zachYyBVt6A](http://www.youtube.com/watch?v=zachYyBVt6A).

What's the purpose of documenting this? Well, let's explore what I actually did and then how we can utilize this in our studies. First of all, I had a vision. I had the vision to get a top-3 placement at the Swedish Nationals in Bar-dips. It was not necessarily my goal to win gold but to be in the top-3. I have the opinion that being in the top-3 is certainly something that is possible or attainable. You can work out and in turn will improve which is the natural response to training. However, there are random components that could interfere with your top-performance on the day where the competition takes place: A lack of sleep, drama, new rules, illness, new judges etc. There are many random effects that are not in your control and, like in Christian's case, sometimes the one who is second (or third) is actually the best or at least, let's say, as good as the one who won gold. Therefore, being among the best is a reasonable or attainable goal, whereas winning the gold medal does not appear to be a reasonable goal – at least from my point of view. Second, I did not give up even when I did not reach my goals in the first place. I recognized that if I wanted to improve I needed to learn from others that were better than me in what we were doing. I learnt from Christian that Crossfit is a useful tool to increase my lactic-acid tolerance level which in turn results in the ability to do more repetitions, and second I came to insight that I needed to change my technique which saved valuable energy between the repetitions. After each competition where I did not reach my goal, I learnt something new and improved. I acquired new skills and a higher level of (physical) competence.

What can we learn about this with respect to dealing with exam results? First of all, perhaps you have the vision to get a degree. Maybe it's even your vision to get a good degree. That's a reasonable and certainly attainable goal. In this regard, passing exams with preferably good grades are important sub-goals. Second, it's always possible that some random component has an impact on the exam grading. Even if you have the second highest grade, your actual performance can be the same as for students that received the highest grade. The same arguments can be applied to students that received the highest grade. It could be that their actual performance is not that good. The grade is rather a proxy for your performance. You can think of it in terms of a probability distribution: If the grading is from 1 (passed) to 5 (excellent), and let's say you've got a 4 and let's assume, moreover, that the grade is normally distributed with a mean of equal to 4 (which is the grade you received) with a standard deviation of, let's say, 0.5. Then there is a likelihood of 16% that your actual grade is 5.<sup>27</sup> So do not be too worried about whether you got the gold medal, silver or bronze.

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<sup>27</sup> You need to calculate the probability of that the grade is larger than 4.5, which means, in turn, the actual grade is then 5 and then you take the integral of the probability density function running from 4.5 to infinity.

Third, if you have not passed an exam you have the possibility to talk to students that already have successfully passed the exam. How did they prepare? Maybe they followed a different learning strategy or maybe they could provide you with some valuable hints. Don't shy away from asking. People like to help others because they perceive it somehow as a compliment: If you ask someone for help, this person will feel good about herself, so you can actually brighten someone's day simply by asking them for help. Finally, if you have not passed an exam yet, it is an excellent opportunity to become *the King* of that course. Besides, if you pass in exam with half-knowledge, you will most likely not feel as good about yourself as you would feel when passing an exam where you went the extra-mile. In the latter case you feel that you really deserved it, whereas in the former case you're more likely to attribute your success to some random component. In which case do you think, however, you will have built a higher level of self-confidence?

#### 2.3.6. Building successively extraordinary confidence

Finally, I would like to suggest a new way of how you can build a high level of confidence in your skills. I think this is an important issue, especially after I read about the so called "impostor syndrome" which Harvard psychologists John Neffinger and Matthew Cohut describe as "destructive imagination game", where people who have accomplished something are unsure about themselves and "allowed themselves to be fooled by the confidence of those around them".<sup>28</sup> How can you successively build confidence? Psychologically, feeling confident and feeling proud of yourself is closely related to each other. (This is in essence what the bestseller *Presence* from Dr. Amy Cuddy is all about.) This means, in turn, if you successively cultivate the feeling of being proud of yourself, you will be more likely to feel that way and therefore broadcast self-confidence. Hence, I suggest writing an Exam-Journal where you keep track of your passed exams. In a previous chapter I recommend to celebrate each passed exam as a success by eating a good dinner, socializing with your friends (or family), taking groupies of that celebration, etc. Now for the next two to three days after you passed an exam, take each day only about 15 minutes time to write down every thought that pops up when thinking about that exam. Summarize the course and focus on what you enjoyed in that course. Have there been any exceptionally interesting moments during the lectures? How did you feel during the lectures? Have there been any surprise moments? How did you prepare for that exam? How did you feel when you read the exam questions? What were your thoughts and how did you feel when you got to know the exam results? Write in detail how you felt and what were your thoughts in that moment. How did you celebrate your success and

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<sup>28</sup> Neffinger & Kohut (2013), p.219-220.

how did it make you feel? You can also add pictures (e.g., selfies, groupies, etc.) of your celebration or add excerpts from lecture material or pictures of exam results in your Exam-Journal so that you can later on easier recall this event.

What is the purpose with writing an Exam-Journal? First of all, you invested a lot of time in the process of acquiring new skills associated with the underlying course content. As the human brain is wired towards negative news, as pointed out by Nobel Prize winner Professor Dr. Daniel Kahneman in his bestseller *Thinking – fast and slow*, it is important to recall positive events. In *Expressive Writing* you build a coherent story and find causality. You successively built the awareness that if you take the right actions you will succeed. After having written 50 exams during your studies and assuming that you wrote about three pages for savoring each passed exam, you will have a whole book after finishing your studies! Every time you read through it (at some point later or as a useful self-motivation before a new exam), you will experience a whole bunch of positive emotions. Even if you felt down at some day, reading your Exam-Journal could catapult you into a good mood. Importantly, you will have cultivated a feeling of being proud of yourself and as a consequence, as time passes by you will feel more and more confident in your skills. This confidence is also very likely to spillover to other areas of your life.

As a result, writing an Exam-Journal might benefit you later on in life also – and perhaps not only in your professional career. Unfortunately, I did not do it by myself but if I started with new studies now, the first thing that would do is to start writing this Exam-Journal. I came up with the idea after studying the corresponding literature of Positive Psychology. After studying about the benefits of *Expressive Writing*, I started to write about my accomplishments in sports in 2016. After sport events that were important to me, I summarized everything that happened during that day and I found that I felt really good afterwards. I recognized also that I felt more motivated and determined. Interestingly, this change in my mood held on for several weeks thereafter. By employing this tool, you somehow “extend” feeling accomplished which, in turn, makes it easier to recall those events a couple of months later. As simple as it sounds, writing about a positive event has a very strong positive effect which is strongly pointed out among others from psychologists Dr. Tim Lomas, Dr. Kate Hefferon, and Dr. Itai Ivtzan in their book *Applied Positive Psychology*.<sup>29</sup>

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<sup>29</sup> Lomas, Hefferon & Itai Ivtzan (2014), p.42.

## 2.4. *Additional courses, important skills and undergraduate thesis*

*“The secret of success in life is for a man to be ready for his opportunity when it comes.”*

*— Benjamin Disraeli*

When I started my undergraduate studies I was not 100% sure about what I would like to work with after finishing my studies. However, I got to know that due to the so-called cattle cycle many old teachers at vocational schools all over in Germany will be retired in approximately five years ahead and therefore it would be easy to get a job immediately after graduation from University. I also got to know that having mathematics or computer science as a minor would be a competitive advantage. Vocational schools obviously highly appreciated that. One of my former teachers at the vocational school was quite honest about his salary and told us that he earned about EUR 3,600 after tax. That was back in 2003. Notably, he did not work fulltime but about 75%. He was about 50 years old, married and had two kids. A 100% employment corresponded to 24 hours of teaching per week which means he taught only 18 hours per week. That was a pretty attractive income. Just for comparison, a 25 years old bank clerk, unmarried with no kids, working in Customer Service earned about EUR 1,300 – 1600 after tax, whereas the same person would earn about EUR 2,500 after tax as a newcomer teaching at a vocational school (which was the entrance salary in 2003). That meant to me, working in the public sector in Germany had the advantage that you just have to get married and get two kids, wage increases will come automatically as you get older. That's a pretty comfortable way of living, isn't it? Certainly it's a temptation.

In addition to that, an unspoken truth was that teachers would enjoy more leisure time in terms of holidays – even if most of them would probably deny it. However, have you ever heard about a teacher being at school during the six weeks summer holiday, during the two weeks Christmas holidays or during the two more additional weeks Eastern holidays? Therefore, the salary-to-worktime ratio seemed to be very attractive, at least from my point of view. On the other hand, I knew that some of my former colleagues at the bank, where I did my apprenticeship before I started my studies, earned a lot of money as well. The Credit Analysts decided which company gets loans from the bank and their daily routine work, such as balance sheet analysis, was pretty interesting for me as well. Since I was, moreover, excited about the possibility that some stock traders could earn a humongous amount of money at the stock exchange during the formation of the dot.com bubble, I developed very strong

enthusiasm for security analysis also.<sup>30</sup> I had the expectation that during my studies at University I would acquire the corresponding knowledge that it takes to successfully trade stocks or financial derivatives. The problem is, however, that no one knows about the job situation in the finance industry five years ahead, and the competition for jobs is tough. Therefore, I wanted to keep as many options open as possible. (Since it happened to be that I graduated from University during the Great Financial Crisis period, my strategy turned out to be an excellent move.)

As a consequence, I decided to take some additional courses at the Christian-Albrechts-University of Kiel. The undergraduate programs in Business Teacher, Economics and Business Administration were overlapping to a great deal. Since I was matriculated for the Diplom-Business Teacher program, I was supposed to take the additional course *Inductive Statistics (Statistics II)* to get the undergraduate degree in Economics also. Moreover, I took one course in *Business Law* and another additional course in *Public Law*. Apart from *Inductive Statistics*, passing those two additional courses in law was required to get the undergraduate degree in Business Administration also. Since I got three undergraduate degrees, I had actually the option to acquire the three corresponding graduate degrees as well. To my knowledge there are not many students who did that and I believe that everything that no one else has accomplished is a beneficial item to have in the CV. Why do I think so? Well, it's again a psychological issue. Professor Dr. Daniel Kahneman argues that everything that violates the norm generates a surprise moment which results in the following: The individual that experiences the surprise moment pays more attention. (In the parlance of Professor Dr. Daniel Kahneman "system two is now activated" because the "cognitive flow is interrupted.") As most people have only one degree, someone who has two or three degree stands out because he or she doesn't fit in the norm. Is this a positive or negative surprise? I think in the context of a recruitment process it's very likely to be positive because it signals that the candidate has (at least potentially) acquired a higher level of competence.<sup>31</sup>

Taking the course *Inductive Statistics (Statistics II)* involved not only lectures and exercises but also tutorials that were taught from graduate students. Taking this course in addition to my compulsory coursework was pretty time-consuming. However, this course was not only necessary for getting the undergraduate degrees in Economics and Business Administration but this knowledge was pre-knowledge required for *Econometrics* which one could choose as major in the graduate studies. During my undergraduate studies, I used my opportunities to talk a lot with graduate students who I considered

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<sup>30</sup> Obviously, an individual can sometimes develop completely new interests due to occurrences in the external environment. One year before I finished highschool I wanted to study chemistry but everything changed.

<sup>31</sup> Kahneman (2011), p.112-120.



being competent. For instance, I talked with the tutors<sup>32</sup> of the course *Descriptive Statistics* in order to get a clue of which courses are actually most important for mastering the graduate studies, and especially for being best prepared for writing the graduate thesis. Actually all of the competent students told me that *Econometrics* is the key because you learn how to empirically work with data and this is exactly what is expected from you to do in your graduate thesis and moreover a necessity in compulsory seminars during the master's degree program. Moreover, other fellow students told me that *Econometrics* courses are more difficult than other courses and require much more effort but once you master applying econometric methodologies to empirical data it is easy to get a job in the finance industry also. Notably, I figured out that a good command of statistics is not only important for studying Economics or Business Administration but also for other fields of social science. For instance, if psychologists explore patterns in social behavior they will make statistical inference, based on observed data. I was surprised to see that even my friend Linda, who studies the master's program in nursing at the University of Umeå was supposed to take some compulsory statistics courses. As she shared the learning content with me, I have to conclude that the level of requirements is comparable to *Inductive Statistics* taught in Economics or Business Administration.

I found that going the extra-mile to acquire some more knowledge than required from your compulsory coursework schedule is pretty beneficial simply because you have more options later on. Some other undergraduate students that I got to know on my way through the University learned a new language or other skills. From my opinion, your time at University is an excellent opportunity for personal growth and it makes sense to use it wisely. Inspired by some of my fellow students I also studied Swedish as my third foreign language and I took classes in Business English.

To get a better understanding of how valuable your time at University is, let's think about it from a more practical perspective: How much money would you earn if you worked in the industry instead of being eight hours at University? Let's say you would earn USD 30 per hour. Assuming you work five days per week, the opportunity costs of three years undergraduate studies are USD 187,200. If you have acquired a lot of skills during your studies and then would earn a higher salary in the industry of let's say USD 45 per hour, then it will take six years to be even out. Accounting for study loans, it will even take longer to even out. Assuming you need to pay USD 20,000 per year for your studies, your undergraduate studies have a corresponding monetary equivalent of USD 247,200. Therefore, I think it's highly recommendable to invest your valuable time in a smart manner and to learn as much as possible.

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<sup>32</sup> Tutors were the students that were running the tutorial sessions were they mostly went through old exams and showed how to solve the mathematical problems.

Even though it might most likely be not an act of pure randomness that students enroll for a certain study program at University such as Economics or Business Administration, according to my experience most incoming undergraduate students do not know what they are really interested in. Neither do they know what they want to do after finishing their studies. However, as time passes by and along the way with the coursework most students get an idea of what they want to write about in their undergraduate thesis. From my point of view it is important to have in mind that the undergraduate studies are the fundament for everything that follows, irrespective of whether you decide to work in the industry or continue with the master's program. If already the fundament has lacks it will be tricky to build something reasonable on that. To come-up with an idea for your undergraduate thesis it is important to pay attention to what you are personally most interested in. If you are intrinsically motivated in a specific research subject, writing the thesis later on will not feel like a burden but rather as a (positive) challenge. Moreover, I observed that it happens often that students continue to write their master thesis about the same topic. As a result, they become experts in that subject.

Even though most students do not know what they want to do after finishing their studies, there are always exceptions. I remember my sister Natascha's husband Heiner, who already knew that he wants to become a dentist when he was a teenager. At the age of 12 he wrote in a friendship-book of one of his classmates that he wants to become an orthodontist. After finishing highschool and military service, he started studying dentistry. He accomplished his doctoral degree in dentistry at the age of 27 and when he was 30 he was running an own practice. Moreover, he specialized in orthodontia and it may be not surprising that at the time when he started his practice in his hometown, he actually had a monopoly position. Another example is Stefan, who is one of my mates from highschool. When he was 16 he knew already that he will go in his father's footsteps and work at a bank. After finishing highschool, he immediately started an apprenticeship as a bank clerk. (It was actually he who inspired me to do that as well.) Afterwards he started working in private banking at the same financial institute where his father worked while he at the same time started to study part-time for about three years at a bank academy where he graduated with a bachelor's degree specialized in banking business. When he was about 26 years he started working as Wealth Manager at the second largest bank in Germany which is nowadays a part of the Italian bank UniCredito Group. I could even continue with more examples. The key point here is that according to my personal experience, there is some anecdotal evidence that very successful people often know exactly what they want to do in their lives and how to accomplish it. More precisely, they already made up their mind at an early age and then stick to the plan no matter what

comes in their way. Intuitively, these people already start to gather some important working experience while others are still in the process to figure out what they want to do in their lives.<sup>33</sup>

If you check the requirements for job positions in the finance industry you will recognize pretty soon that working experience is essential (obviously not only for senior positions.) And this is certainly a phenomenon that is not only an issue for the finance industry. There are virtually no positions available where you do not need to have any working experience at all. Generally, the more years work-specific working experience you have the better you will be positioned in the job market. If the skills that you learn at University are not enough, the question arises, what skills do students actually need? As an example, what skills do students need, who are enrolled for undergraduate studies in Economics or Business Administration? (Alternatively, I could ask what skills do students need, that are enrolled for undergraduate studies in Social Sciences.) The key point is obviously that you somehow need to acquire the required skills that you need later on in your working life. The earlier you acquire (and exercise) those skills the better you are off.

Taking the teacher's perspective, I can state I am surprised to observe that many master students do not have appropriate skills in statistics and econometrics. It is even more alarming to recognize that the majority of those students, who are enrolled for the master's degree program, have virtually no experience of how to use MS Excel. It is important to note that modern employers expect employees to be an expert in standard programs such as MS Excel and MS Word. They do not even put it any longer explicitly on the job advertisements because it is nowadays rather like a pre-requirement. In what follows, I'd like to provide an example of what a modern employer typically expects which may serve as a wake-up call for some of the readers. It is a job advertisement for a position as Analyst from the bank NORDEA which is one of the largest financial institutions in Northern Europe:<sup>34</sup>

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<sup>33</sup> And this is certainly true not only for the professional life but for other areas of human life also: People that just "go with the flow" typically end up nowhere, but those who are determined from the beginning on take actions and somehow "make it".

<sup>34</sup> Job advertisement from May 3, 2018 under the link <https://www.nordea.com/en/careers/vacant-positions/jobdetails.html?jobid=210173-Risk-and-Capital-Analyst--Group-Functions-Information---Reporting--Stockholm&blq=area=19473>.

## *Risk and Capital Analyst, Group Functions Information & Reporting, Stockholm*

### *The offer:*

*As a Risk and Capital Analyst, you will analyse and report the development of Economic Capital (EC) and Risk Exposure Amounts (REA). You will be part of the Business Reporting team, focusing on portfolio analysis for the different business areas with particular emphasis placed on communicating changes in risk levels to stakeholders. In Group Functions Information & Reporting (GFIR) we focus on performing analysis and reporting on capital adequacy for the Nordea Group and its subsidiaries. We produce analysis and reports for internal and external use.*

### *What you'll be doing:*

- Conduct analysis of the development of economic capital and risk exposure amounts over a broad range of portfolios, risk types and business areas on a monthly basis, reporting your findings to your stakeholders.*
- Analyze changes in IRB (internal rating based approach) parameters and its impact on capital consumption, share your findings with your stakeholders*
- Participate in the work with the yearly updated EC (Economic Capital) framework together with other units and analyze and present the impact of it*
- The role is based in Stockholm. Welcome to an exciting unit with the mission to develop and maintain common information and reporting through unified processes, organisation and platform.*

### *Who are you*

*Collaboration. Ownership. Passion. Courage. The four key values that guide us in living our purpose and that we expect all our colleagues be committed to. To build a successful career with us, you'll work well with others and always act with the customer's needs in mind. You love learning and trying new things, and you're excited about bringing your ideas to the table. You're honest and dependable, willing to speak up even when it's difficult, and committed to empowering others. You're passionate about doing a great job.*

### *We believe that you are/have the following attributes:*

- Creative and proactive mindset – you propose new ways of working and strive for constant improvement in current processes and in your own development*
- Ability to handle many tasks at once, make appropriate action plans and demonstrate ownership*
- Collaboration is key for your success and you thrive in a complex matrix environment with multiple stakeholders and colleagues*
- An academic degree in finance, mathematics, statistics, engineering or similar*
- A few years of experience in an analytical role*
- A strong interest and desire to keep up-to-date with the changing regulatory landscape*
- Experience with a programming language such as SAS, SQL or equivalent is an advantage*
- Fluency in English, both verbally and written, is a requirement*
- If this sounds like you, we look forward to welcoming you to the team!*

If you have read the job description carefully, you might have recognized that they do not even write anything about MS Excel. Instead they mention coding skills in programs such as SAS and SQL. This is only one out of many job descriptions. And it does not play a role which bank you choose or which country in the Western world you'd like to consider. There is virtually no difference in jobs that they offer. If you would like to work in the finance industry, just take some time to explore the requirements that modern financial institutions have. It will help you to get more awareness of what specific skills you need for a well-paid job. In a later chapter I will discuss this important issue in more detail.

Since 2014 I was developing and teaching the master-level course *Quantitative Financial Data Analysis in Matlab*. About 50% of my 20 hours of lecture time I regularly need to allocate to teach actually basic *Econometrics* because otherwise most students could not follow the content of my course. Interestingly, I received the same student feedback many times: Of course, I appreciate that many of my students express their gratitude for that because they are fully aware of that I could alternatively skip the econometric derivations, as *Econometrics* is actually a pre-requirement for my course – at least according to the schedule embedded in the course description. However, doing so involves the problem that I cannot cover the whole learning content that I actually would like to have covered in my lectures. And here follows another example related to the same issue: Since I started working as Assistant Professor of Finance, I supervised more than a dozen of master theses and reviewed about twice as much. I was surprised to recognize that many students have great ideas but have unfortunately not the right skills required to explore the research topic which, in turn, often leads to enormous delays in submitting their graduate thesis which impacts (negatively) the grading. To the best of my knowledge, this phenomenon is not University-specific, but can be observed across Universities. (It seems to be that course organization in general is a problematic issue across Universities.)

According to Samy Azer, who holds a Ph.D. in Medicine from the University of Sydney, “excellent teachers serve as role models, influence career choices and enable students to reach their potential”. I fully agree with that. During my undergraduate and graduate courses I was pretty lucky to have excellent teachers like Dr. Martin Missong or Professor Dr. Helmut Herwartz and I am still grateful for their effort in teaching the *Statistics* and *Econometrics* courses. Surely, Dr. Martin Missong triggered my personal interest in *Econometrics*. Nevertheless, irrespective of whether or not one has a good teacher in the end of the day it is one's own responsibility to acquire the knowledge that one needs to succeed. I have never heard about a situation in any job interview where the interviewer would ask the interviewee whether or not he had good teachers. It does not matter how one acquired the knowledge

but what matters is that one (somehow) got it. Having excellent teachers makes things certainly easier but one will probably not succeed in life if one blames others instead of fixing one's lacks.

In chapter 2 of his book *The Art of Extraordinary Confidence*, Dr. Aziz Gazipura discusses two different mindset states that he refers to as "Victim Stance" and "Owner Stance". The former mindset state incorporates blaming other people and external circumstances strongly and persistently. These people have the underlying belief in common of "I can't". The latter mindset state, however, incorporates in particular "responsibility" and "taking actions". That is, people, who have the "Owner Stance" have the underlying belief in common of "I can". They create their own destinies by taking value-congruent actions and they have (developed) the awareness that they are responsible for their actions. Importantly, Dr. Aziz Gazipura highlights five characteristics that the "Owner Stance" incorporates:

- Assertiveness: People that are assertive "speak their mind". They say what needs to be said. As a simple example: They poke immediately back when they're poked from someone else.
- They get clarity on their expectations: They are not fuzzy in defining their goals, but set goals that are SMART (e.g., Specific, Measurable, Attainable, Relevant and Timely).
- Responsibility: They have the attitude that they are 100% responsible for how they feel. They do not think that if, say, X happens they feel (as a consequence) Y. In contrast, they have the awareness that the way how they feel depends not on the event that happens itself but rather on how they interpret and relate to that event and other people.
- Action: They have the attitude that they create their own destinies by taking (value-congruent) actions. In doing so, they have a utilization mindset. One cannot control other people and situations involving interactions with other people, but one can always figure out what benefits can emerge out of a given situation.

Throughout life I have seen again and again that people who take value-congruent actions are not only succeeding in whatever they do but they are also happier. True happiness follows from having a meaning of what one is doing. Obviously, the values that you have are meaningful to you. (Otherwise they wouldn't be your values, right?) Public speaker and clinical psychologist Dr. Jordan Peterson, who is Professor of Psychology at the University of Toronto, points out in his bestseller *The 12 Rules for Life* that

if you act properly, your actions allow you to be psychologically integrated now, tomorrow, and into your future, while you benefit yourself, your family, and the broader world around you. Everything will stack up

and align along a single axis. Everything will come together. This produces maximal meaning. This stacking up in place in space and time whose existence we can detect with our ability to experience more than is simply revealed here and now by our senses, which are obviously limited to their information-gathering and representational capacity. Meaning trumps expedience.<sup>35</sup>

Finally, according to my experience the requirements for the undergraduate thesis are different and depend on the University. As an example, in the former German education system at Universities, where the undergraduate degree was referred to as Vor-Diplom (Intermediate Diploma) and the graduate degree as Diplom (Diploma), the undergraduate degree involved coursework only. Nowadays, however, Universities typically require that the students would need to write a Bachelor thesis. At some Universities, the Bachelor thesis corresponds to a literature review, whereas other Universities require some empirical part as well. Since the management of the undergraduate thesis projects is relatively idiosyncratic, I do not elaborate further on this issue here but would like to refer to the part in this guide dealing with writing the graduate thesis which is discussed in a later chapter.

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<sup>35</sup> Peterson (2018), p.199.

## 2.5. *Social connections and social life*

*He who walks with wise men will be wise,  
But the companion of fools will suffer harm.*  
— Proverbs 13:20 (New American Standard Bible)

Since we humans are social beings, it is common sense that social connections are of key importance in our everyday lives. Before you continue to read this chapter, I would like to encourage you to take some deep breaths and fasten your seat belts because it could be that some concepts are not in line with your internal belief system. Ready? All right, here we go.

Our modern Western society is affected by peoples' striving for self-reliance and independence. Interestingly, neuroscientist Dr. Amir Levine and M.Sc. Rachel Heller argue that people's belief in self-reliance is an illusion because we have to count on other people anyways. We simply have no other choice. The authors argue moreover that a strong belief in self-reliance can be more of a burden than an asset. Obviously, people often confuse self-reliance with independence and as people overrate self-reliance they diminish the importance of getting support from other people, and therefore cutting themselves off from an important lifeline. Another issue concerning the concept of self-reliance is the "self" part because it forces those individuals to ignore the needs of other people and focus only on their own needs, which shortchanges them from the most rewarding human experiences, namely the joy of feeling part of something bigger than themselves.<sup>36</sup> Moreover, Dr. Sonja Lyubomirsky emphasizes that social relationships are a significant predictor for happiness. Specifically, she highlights that

The causal relationship between social relationships and happiness is clearly bidirectional. This means that romantic partners and friends make people happy, but it also means that happy people are more likely to acquire lovers and friends. This conclusion, which my colleagues and I have put forth on the basis of numerous studies, is actually rather optimistic. It implies that if you begin today to improve and cultivate your relationships, you will the gift of positive emotions. In turn, the enhanced feelings of happiness will help you attract more and higher-quality relationships, which will make you even happier, and so on, in a continuous positive feedback loop, by applying this happiness-increasing strategy, you will embark on what psychologists call an upward spiral.<sup>37</sup>

Having understood the importance of social connections, the question arises what are the right people to socialize, respectively, connect with? What kind of social connections do you actually need? I find that the evangelical preacher and author Joel Osteen has an excellent answer to that question. The following

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<sup>36</sup> Levine and Heller (2010), p.119.

<sup>37</sup> Lyubomirsky (2007), p.138.



extract is from his message *The Right People* where he discusses the impact of social connections on our lives:

But here is the key: If you're spending time with the wrong people, you will never meet the right ones. If you're hanging around with people that are not going any place, people that are dragging you down, causing you to compromise, draining your energy, you're going to get stuck. You can't hang out with chickens and expect to soar with eagles. You're going to become like the people you're continuously associate with. You want to know what you're going to be like in five years? Look at your friends. If your friends are going places, people of excellence, kind, considerate, generous – those qualities will rub off on you. But if your friends are negative, critical, unmotivated, compromisers, mediocre, indifferent – this is your wake-up call. You're not hearing this by accident it's time to make changes. You need some new friends. [...]

You don't have to be rude. You don't have to make some big announcements, just little by little start distancing yourself, spending less and less time with them. Proverbs says: "if you walk with wise men you will become wise." It says: "don't hang around with a hot-tempered person or you become hot-tempered". Another place: "don't spend time with people that talk too much or you will talk too much". Notice the principle: Whatever qualities your friends have – either good or bad – eventually will rub off on you. Spirits are transferable. If you hang out with a gossip before long you will be a gossip. If you hang around with people who compromise run around on their spouse before long you will be a compromiser. But here's the good news: If you hang around with excellent people, excellence will rub off on you. If you hang around with generous people, you become more generous. If you associate with successful people, people that are determined, motivated, going places, the same good qualities will become a part of your life. This is why it's so important that you're selective with whom you spend your time. You can't just take it by default, and think "well, these are the people I work with, they're my friends", or "they're in my class in school, this is who I hang out with all the time", or "they move next door so, now they come over every night", no, make sure they have the qualities you want. You need eagles in your life. People that inspire you, people that motivate you to go further, people that make you better. [...]

Life is too short to waste your valuable time with the wrong people. This is the No.1 thing that I see that gets people off course, running with the wrong crowd. The longer I live the more determined I am to not spend time with people that are never happy, people that don't have integrity, people that are small-minded, people that compromise. No. If you are going to reach your highest potential you have to surround yourself with eagles, with people that bring out your wings, with people that cause you to soar. I read where Thomas Edison, Henry Firestone and Henry Ford had summer homes next door to each other in Florida. They were friends and would spend much of their summers together. You notice, they didn't just associate with anyone, they associated with other dreamers, with other people of vision. No wonder they soared to new heights. [...] But too many are stuck, they're not growing, it's because they're still

hanging around with somebody they knew years ago they were supposed to get away from. They felt the uneasiness, they saw the red flags, but they kept putting on again and again. The sooner you make these changes, the better off you're going to be. Don't spend your valuable time with people that bring out the worst in you. If your friends are causing you to compromise, being negative, complain, lose your temper – that's a sign that they're the wrong people. [...]

Young people, this is so important: Choosing the wrong friend can keep you from your destiny. Don't hang around with people in school that have bad attitude, that are always buck the system, always getting into trouble – that may seem cool, but that's not cool at all, that's dumb. That's gonna cause them to be a chicken when they were created to be an eagle. Find friends that are going to make something out of their lives. Hang around students that are disciplined, focused, people that are going somewhere. Don't worry about being in the right group, having the most friends, being the most popular. Listen, 20 years from now nobody cares who the most popular one was. The quantity of your friends is not important, it's the quality that really matters. I would rather have one friend that has the head on straight, that's going some place, than 20 friends that are only mediocre.

In school, the science sphere is not that popular, the debate team, the math club – that never gets a lot of attention – but when you study, you learn, you make good breaks, people may make fun of you, call you gig, bookworm, nerd – don't worry, in a few years they call you boss, they call you supervisor, senator, doctor, pastor, ... Proverbs 27 says "as iron sharpens iron so a friend sharpens a friend". Your friends should be sharpening you, making you better. [...]"

I found that this message from Joel Osteen serves as a light bulb moment and one does not need to be a Christian believer to see the truth and wisdom of his message. On the one hand, as humans are social beings, social connections are of key importance in our everyday lives. On the other hand, however, associating with the wrong people has negative consequences that can ruin one's life. When I started my undergraduate studies, I have heard that students who enroll for the Diplom-Business Teacher program are a small closed group, supporting each other and socializing with each other. While about 475 out of 500 incoming students enrolled for Economics and Business Administration, the number of incoming students enrolled for the Diplom-Business Teacher program was typically around 25.

Since having finished an apprenticeship is a compulsory requirement for being able to enroll for this program, those students were on average about 5 years older than other undergraduate students at our faculty. While one may assume that the majority of other students, who enrolled for their studies directly after finishing highschool, are still in the process of figuring out what they actually want to do in their lives, one might have expected, on the other hand, that those students, who were older and already worked in the industry, should know what they want, right? From my point of view it would have made common sense that the latter group of students had displayed behaviors such as a high level of

focus and determination, a high level of target-orientation, and so on. However, I still remember the first meeting at the Christian-Albrechts-University of Kiel where we were supposed to introduce each other. Surprisingly, having observed my fellow students, I had the impression that basically none of those displayed any mindset associated with those behaviors that one might have expected from students at that stage (or age). Unfortunately, my first impression turned out to be pretty accurate: later on during my graduate studies, I only saw about a half dozen of those students again.

Psychologists tell us about the *Law of the Group* which is the saying “beards of a feather flock together”. I think it is relatively easy to identify different groups of students and it may be not surprising that the students in those groups share common values, common beliefs, and as a result, common behaviors which will be reviewed in brief. I'd like to mention that this review is written in a provocative manner:

- The beach group: During the summer, those students are actually most of the time at the beach, surfing, taking sun baths, chilling, whereas during the winter term they usually enjoy skiing, etc. They usually enjoy having barbeque (including a huge amount of beer) in the evening in their group of friends often accompanied by their friends' friends.
- The gossip group: Those students usually complain about teachers other students or life in general, they often drink a lot of coffee which, in turn, increases their level of anxiety (or aggression), they know the latest news and rumors and are usually well-informed about what happens at the campus. They usually even enjoy creating new rumors, etc.
- The party group: Those students typically do not miss any party, usually drink a lot of alcohol, and not seldom they even enjoy smoking different kinds of stuff. The day after the party events they usually do not attend lectures but visit a doctor at the next hospital for health checks instead. Often they have the common habit to attend lectures on Mondays only, etc.
- The metal group: Those students typically wear black clothes only, often they have even black colored nails and hair, they listen usually to different kinds of heavy metal music, they tend to be soccer enthusiasts (but usually do not play themselves), they drink rather beer than wine<sup>38</sup> when they meet each other in the evening, etc.

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<sup>38</sup> Note that members of the beach group usually drink also other stuff apart from beer. Beer is just the default option.

- The work-addicted group: Those students are actually like ghosts because you meet them only during the exams, they often work even fulltime at a company and therefore do not manage to attend lectures, they typically study for many years, they do not have many social connections at the campus, they have facebook and instagram profiles without pictures, they use social media only for stalking others but don't share any information themselves, etc.
- The gym group: Those students are most of the time at gym after the lectures and often even before the lectures, they regularly take selfies with their mobiles and post it on social media to get social approval, they make moreover excessive use of social media, guys in this groups often wear even during the winter time shirts that are by far too tight, whereas women in this group typically wear pants that are by far too tight, they typically do not eat the student restaurant but make their own food because they tend to be on a diet during the whole year, etc.
- The daddy-pays-it-all group: Those students usually organize parties only for individuals of the same group, wear expensive clothes only, drive expensive cars, are most of the time on vacation, they typically play golf with each other or go sailing, they don't enjoy the food served at the students restaurant and therefore they usually eat at more expensive places, on their social media accounts they often upload manipulated, that is, fine-tuned pictures to show off, etc.

Sure enough, one could continue to cluster groups. Certainly, depending on the location of the University, there are different possible groups that could evolve. Of course, now I am exaggerating here a bit, and I understand that some of the readers may feel threatened or even upset, whereas others may argue that I am stereotyping and one should not do that and so on and so forth.

Nevertheless, I'm asking you to be honest to yourself: Note that Harvard psychologists John Neffinger and Matthew Kohut clearly emphasize that "everybody stereotypes, and everyone is stereotyped. It is just how our brains work."<sup>39</sup> Stereotyping makes common sense and whether or not you do not like the concept of stereotyping, you stereotype anyways – at least on a subconscious level.<sup>40</sup> So, what is the common component of those groups? Let me first give you some empirical examples from my own experiences that I made when I was a student.

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<sup>39</sup> Neffinger and Kohut (2013), p.30.

<sup>40</sup> The interested reader may also consult the bestseller *Thinking – Fast and Slow* from Nobel Prize winner Professor Dr. Daniel Kahneman.

When I started studying in Kiel, I lived at student hostel which had a pretty awesome location directly next to the sea. When you rode by bicycle early in the morning to University one could see sometimes submarines that entered the harbor as in Kiel the famous German dockyard Thyssenkrupp Marine Systems is located where submarines are constructed. It happened also to be that the popular Institute for Worldeconomy was located directly next to the student hostel. The hostel had the purpose to foster in particular students from the Nordic countries who decided to do either their ordinary studies or their exchange studies in Kiel. Since this student hostel had regular (and well-organized parties), the temptation to participate in those events was understandably high. Of course, after some time you know the students who regular participate in these events. Unsurprisingly, I observed that after a couple of years I never saw the majority of the party group students again. Note that I am claiming that I never went to a student party. Of course I did that. However, it is a huge difference if you go out four times per week or twice a month, right? Indeed.

Arnold Schwarzenegger, who won seven times Mr. Olympia, had a great career as actor in more than a dozen Hollywood movies, and even served as governor from November 2003 to January 2011 in the U.S. state California, said in an inspirational speech about the secret to success: "And let me tell you, it is important to have fun in life, of course. But when you're out there partying, horsing around, someone out there at the same time is working hard, someone is getting smarter and someone is winning, Just remember that. But if you want to win, there is absolutely no way around hard, hard work."<sup>41</sup> Of course, it's not only an excessive party-lifestyle that can ruin your studies. I remember a younger guy, who was also living at the same student hostel. Let's call him Tobbe.<sup>42</sup> I'd like to describe him as a really a nice, funny and social guy. (In his leisure time he usually wore basketball clothes so I assume he used to play basketball.) Unfortunately, he enjoyed playing video games by far too much. World of Warcraft became obviously his personal trap. Often he even played during the nights and therefore was unable to attend lectures. After some weeks a friend of mine told me that he was concerned because he had the gut feeling that Tobbe would go to pod. So, having the intention to encourage him to make some changes, we knocked on his door. When the door opened we saw him standing there with red eyes due to a severe lack of sleep, and garbage everywhere in his flat. I could recognize that he felt ashamed. A couple of terms later, I never saw him again.<sup>43</sup>

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<sup>41</sup> The full speech is available at youtube entitled *Arnold Schwarzenegger Motivation - 6 rules of success speech*, <https://www.youtube.com/watch?v=EyhOmBPtGNM>.

<sup>42</sup> I changed this name for privacy reasons.

<sup>43</sup> My friend told me that Tobbe started an apprenticeship in the industry instead – and that's what University drop-outs in Germany usually did.

Now let's turn back to the categories of students which are of course stereotypes. The key point here is that too many students that are members of those groups act as if they were part-time students – even though they're enrolled for full-time studies. It seems to be that for those students everything else (e.g., surfing, complaining, drinking alcohol, rock festivals, computer games, etc.) is more important than acquiring the knowledge and skills that they actually need to have in order to survive in the modern job market. Investing only one hour and checking the job advertisements for jobs that are related to your studies may be a useful experience that hopefully serves as a wake-up call.

On the contrary, I have also seen other examples during my studies. For instance, when I entered my graduate studies, I got to know Johannes. He was enrolled for the *Quantitative Economics* program and at some point he started studying mathematics as well. Johannes usually did not miss any lecture, and most of the time I saw him learning in a team of mathematics students in the student restaurant after having lunch with them. The mathematics students were perceived as small, closed and elitist group of people. (Did you ever hear the expression “the arrogant mathematician”? It's again a stereotype.) In the evening hours he usually continued learning in the University library and whenever he was not learning something, he was at the gym (often together with me). For the master-level course *Econometrics II* we and another highly-motivated guy formed a learning group where we taught each other the lecture material. Johannes also took some additional courses in French and was an enthusiastic member of the University's debate group.<sup>44</sup> He had a (French) girlfriend and a very well-organized social life, where he enjoyed his redwine (which was probably French redwine). And one thing I can tell for sure: Johannes had not the appearance of a traditional nerd. Neither did I perceive him as an arrogant mathematician. (Actually, I think that some people anyways confuse arrogance with self-confidence.) In contrast, he was an impressive athletic guy and always willing to joke around and make fun. Later on, he graduated with a master's degree in *Mathematics* and a master's degree in *Quantitative Economics*. From a common friend I got to know that Johannes – immediately after his graduation – got a highly-paid job at a large insurance company in Germany.

The key point here is that you have to make sure that you gravitate towards to right group of people. From the beginning on you need to identify, who has the right attitude that could benefit you. In an earlier chapter I told you that during my undergraduate studies I went sometimes to the lectures even when I was sick and had fever. I do not encourage anyone else to do that but I encourage you to regularly check your friends-list. If you have the right friends they will make lecture notes for you when

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<sup>44</sup> He tried to convince me to join that group but I did not do that. But now I would do it as you might learn some useful tools that could help you in salary negotiations later on in life, for instance.

you cannot attend and they will explain you the lecture content and support you so that you do not have any severe gaps. From my experience this is the major issue for why many students do not make it: they are a member of the wrong group of people.

### *3. Graduate Studies*

#### *3.1. The job market situation:*

*Do your skills meet the requirements from modern employers?*

*“It is not the strongest of the species nor the most intelligent that survives.*

*It is the one that is most adaptable to change”*

*– Charles Darwin*

When you start your graduate studies you need to come up with two important decisions: You have to decide in which industry you would like to work and you have to decide which specific job you would like to have. Irrespective of whether one studies Business Administration, Economics or Finance, many students may aim to work in the finance industry. When I started to work in the finance industry, I was surprised to see how many employees had a degree in engineering, physics or even psychology. One key reason for why the finance industry is of interest for many people may be that the salaries being paid there are considerably higher than in other industries. Recall that in the wake of the financial crisis from 2008 to 2009 there was a huge discussion in the media all over the world concerning the exorbitant high bonus payments that were paid in the finance industry. Due to the exorbitant high salaries, jobs in the finance industry seem to be very attractive even to people who have a background in fields unrelated to finance. Since my personal background is mostly related to the finance industry, in what follows, I will discuss mainly the job market in that industry. In order to provide the reader with an example how real life work can look like nowadays, I will discuss my daily routines and project work. I'm convinced that many issues that will be discussed in the following offer some valuable information to the reader and can certainly be applied to other industries as well.

When I started working as Risk Analyst at the Merchant Control Department at Klarna AB in Stockholm (Sweden) in July 2010, I recognized that virtually all employees in the Credit Department, which was located next to our department, had M.Sc. degrees in engineering. The only guy who actually did not have a M.Sc. in engineering was the Chief Analyst Mickael Bäckman, who held a Ph.D. in Econometrics instead. One might be surprised that so many employees had a background in applied mathematics. After a couple of weeks working with Klarna AB it became evident what has been the reason for this phenomenon: It was our daily routine to analyze huge amounts of data. This in turn



required a good command of statistics, respectively, econometrics. Note that econometrics is nothing else but statistics applied to economic- or business-related research questions.

Since engineers typically have strong backgrounds in applied mathematics, it seems to be easy for them to deal with huge amounts of data. They learn the finance stuff easily on the way by reading some books or simply by learning by doing.<sup>45</sup> That's no big deal for them. On the contrary, dealing with data seems to be a surprisingly big issue for many students with M.Sc. degree in business administration, economics or finance. This phenomenon is also something that I could observe as a teacher over the past couple years.

As Risk Analyst, I had to deal with both daily routine work and project work. In 2010 Klarna AB was the fastest growing company in the finance industry in Europe. The company was founded in 2005 and still a sort of start-up at that point in time. A young and fast growing company like Klarna AB was permanently in restructuring processes. Sometimes the working processes could change every second week or so which means that the employees were supposed to learn new skills basically all the time and when they became familiar with new working processes, they changed again. As a consequence, I often had so many meetings during the week days that I was supposed to do either my project work or my routine work at the weekends. And that was all right because it was a part of the contract that I signed. Analysts get typically not paid for working 40 hours per week or so, but for delivering the projects that they are supposed to deliver – and doing that in time.

My daily routine tasks were balance sheet analysis of merchant portfolios using credit reports, for instance. I made decisions which conditions we would offer to our merchant clients or if we would make any business with them at all. Apart from the onboarding I was also responsible for monitoring the merchant portfolios. I could manage my daily routine work pretty well without any further advanced skills in statistics or programming. We had also some employees who did not even have any University degree and who had basically the same working tasks like those who had a degree in higher education. However, their positions were typically entitled as Risk Administrator, and as a consequence, they were not supposed to deliver the same kind of project work, like Analysts were supposed to do. And the project work was actually where the fun began.

My first big project was related to estimating the loss-given-default: What was the expected loss if one of our merchants went bankrupt? That was a tricky thing (at least for me at that stage). So, for being able to deliver any reasonable results, I was supposed to simulate our merchants' return distributions because the exact time point when a merchant would go bankrupt was unknown, right?

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<sup>45</sup> At Klarna AB, you saw here and there books about risk management or statistics on the desks from employees.

Therefore, I wrote a code using the program Matlab where I bootstrapped the data and then calculated with certain probabilities the expected loss. Matlab was also frequently used in the Credit Department. Nowadays it has become a standard-software used in the finance industry.

In another project that I ran in the early beginning when I started working with Klarna AB, I used Visual Basic to automate the monitoring process for our merchant portfolios in our excel sheets. At that point, I knew a bit about excel but I was not familiar with Visual Basic at all so I learnt quite a lot from my colleagues and by self-studies. The most interesting project, however, I ran in the end of my employment at Klarna AB. The purpose of that project was to create a risk monitoring tool that could recognize at an early stage when something strange is going on certain merchant clients. Klarna AB was supposed to deal with the risk of being cheated on from merchant clients. For instance, merchant clients could be tempted to create phony invoices and an increased incoming number of customer complaints could serve as a hint that something strange was going on. Therefore, developing such a tool was pretty important. The tool that I developed showed the distribution of errands, such as incoming customer complaints, over time.<sup>46</sup> For this project, I collaborated with Dr. Julija Lebedinska, who served as the Head of the Credit Department at that point in time. I presented her my results and she found that this tool was indeed useful (and necessary).

Running that project required to retrieve data from Klarna AB's SQL database to compound the corresponding statistics that were needed. Unfortunately, I had no clue of how SQL worked. However, once you are employed, no one is actually interested whether or not you have the corresponding skills to execute certain projects that were allocated to you, but your boss is highly interested in that the results are delivered in time. As a consequence, I learnt SQL with help of some of my colleagues and by self-studies. That meant for me that my weekends were reserved for fine-tuning and developing further my skills in SQL. It maybe not surprising that I was not the only one who was busy with learning SQL: At the weekends I typically met other guys from other departments, who did exactly the same, so I was usually in good company and we helped each other. Moreover, we were quite a bit joking around. At the weekends people typically do not take everything too serious anyways. One of my colleagues, Tobias, was about 20 years old and just graduated from highschool. He was eager like a beaver and we actually met most of the weekends and sometimes he presented me his advances in SQL. I was pretty impressed how fast he acquired new skills.

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<sup>46</sup> Using a learning period, one could estimate confidence intervals which provided number of errands, such as daily incoming phone calls from end clients that were still in a reasonable range. Importantly, the tool also recognized when incoming errands were not any longer reasonable, which served as a signal that it was time to contact the merchant client to figure out what's going on.

Obviously, my work as Risk Analyst required advanced skills in Excel, Visual Basic, Matlab and SQL. Depending on the financial institution, slightly other skills may be required for working as an Analyst. One of my former acquaintances, for instance, worked as Senior Foreign Exchange Analyst with Nordea in Helsinki. For his daily routine work he also used Excel and Matlab, while about half of his colleagues preferred to operate with the program Python. Hopefully you might have recognized the importance of programming skills at this point.

At this stage I need to highlight that the reason for why I got the job at Klarna AB in the first place was not that I had programming skills in Matlab – simply because there were obviously enough other people who had exactly the same skills. Before the first interview took place I was supposed to pass an IQ test. If the results had been poor, I would have most likely not even been invited to an interview. During the first interview that took place in spring 2010, I got to know that Klarna AB wants to expand their business to Germany and therefore the company was looking for someone who had excellent German skills and some working experience in the finance industry, preferably in Germany. The interviewer Jonas Adolfsson, who served as Head of Merchant Control, also entrusted me with the fact that there were hardly any competent German-speaking people in Stockholm, who would meet the requirements for that job. Since my mother tongue was German, had three years working experience in the finance industry in Germany, and successfully passed the IQ test, I got a job offer. Simply speaking, my individual skills met the required skills for that specific job. I was at right place at the right point in time.

What can we learn from my personal work experience that I just shared with you? The key point here is that you actually need to have ex-ante the skills that are required for the specific job that you would like to work with after finishing your studies. That means also that you need to decide in good time in advance what specific job it is that you aim at. During your master studies, you have actually only two years left. Therefore, I strongly recommend that if you enter your graduate studies and you still have no clue of what to do, you need to come up with a decision in the first six months. After your studies there are obviously only two possible scenarios: Either you get a job or you don't get a job. It's a simple binary distribution: It's YES or NO. So, this may be your last wake-up call during your study time at University. It depends on your actions if the odds will be for you or against you.

Let's assume for now that you would like to work as Credit Analyst. You search the websites of some financial institutions for vacancies and find that according to the job description you need skills in Matlab, C++, Visual Basic and SQL. The problem that students nowadays typically face is that the education system at Universities does most likely not involve courses where you learn all of those skills

that are required for working in the real life industry. This phenomenon is certainly not University-specific but a very general issue. If you would like to, just take some time and check the degree programs of different Universities. You will most likely not find any course in Matlab, C++, Virtual Basic or SQL that is actively offered to master students in Finance, Economics, Business Administration or any other field of social science. There may be many reasons for this phenomenon. Perhaps the No.1 reason that you will hear from the responsible program leaders is simply: "We do not have the time to offer everything." And this can actually be very true.

The purpose of a degree program is namely to provide you with the basic knowledge. If you get your degree it serves as a signal to the employer. It's really nothing more than a signal. If you accomplish a master's degree in Economics completed in two years and with a good average grade, it tells the employer only that you are

- interested in economics (simply because you chose to study economics)
- have willingness and ability to learn (because you have good grades)
- taking responsibility to meet deadlines because you accomplished your degree in a regular study time

That's basically the signal of a M.Sc. degree in Economics. You can change "Economics" to "Psychology" and then the only thing that changes is the first item. Of course, if you decided to take some more specific or additional courses then it would be an additional signal for competence in that specific area as well—but that's it. As a consequence, you will face that you need to acquire the skill set that is required for the job that you would like to get by using other channels. As an example, you can learn the basics of SQL using the software MySQL which is available for free in the internet. There are always possibilities to acquire the knowledge that you need, but the most important take away from this chapter is that you need to get the awareness of what skills you actually need, and before you can know what skills you need, you obviously have to know what you want. You know the saying "the early bird catches the worm." So make sure that you belong to the early bird group.

Finally, another thing that you might have learnt from my experience is that you can never settle. And people actually know that, at least subconsciously. Once I saw on the mobile from one of my colleagues and in the background of his screen that he chose the text: "Never Settle." Modern working life requires that you continuously adjust to the changes in the working environment. That could mean, for instance, like in my case that you regularly need to learn new working processes. Maybe you even have to move to another city or another country, who knows. Due to the fast development of new technologies, working processes can quickly change and you will always have a competitive advantage if

you are open-minded for changes and willing to step outside of your comfort zone. In general, the older people get, the less likely it is that they are willing to make some changes. So I recommend everybody to stay young in their minds. As a negative example, I could observe among my own relatives the tragedy of what may happen to you if you are not paying enough attention to a changing working environment: If you had an education in graphics and worked in the marketing industry you could have earned a lot of money by producing handmade advertisements in the 1970–1990 period. However, technology was developing at a fast past and over time companies required more and more digitally produced advertisements using computers. As a result, in the later 1990s it was virtually impossible to get any orders for handmade advertisements. If you did not pay enough attention and did not learn to use the new technology right in time, even the best graphic artist would not be able to survive – not only due to digitalization per se but also as computer technology facilitates to produce more advertisements in a given time frame at lower costs.

### 3.2. *What courses should I choose in graduate studies?*

*“95% of what you have learnt here [at University] you can forget afterwards because you don’t need it.  
But those 5% that you cannot forget you learn in econometrics classes.”*

*– Professor Dr. Helmut Herwartz*

One term before I started my graduate studies, I met Isabelle at the University campus, who was a fellow student studying *Quantitative Business Administration* at the University of Kiel. Isabelle came from Poland and it was easy for me to recognize her Polish accent. She was fluent in German and one of those students who were extraordinarily eager. We had many coffee breaks together at the campus and I enjoyed her company. She had big dreams and like many other students she wanted to get a well-paid job in the finance industry after her studies, preferably at Deutsche Bank. She was also actively involved in the organization AIESEC and pretty enthusiastic about it. Since I already made up my mind during my undergraduate studies that I wanted to study econometrics as my second major, I asked her about the set-up of those econometrics courses. So I got to know that the master students were supposed to attend both lectures and exercise sessions, where the students were supposed to write about a dozen of DIN-4 pages in a 90 minutes exercise session. Each week there were four hours of lecture followed by two hours of exercises. Also I got to know that one was supposed to write as fast as possible and that it’s actually impossible to ask any questions, and finally, virtually impossible to get a clue of the derivations simply because the students were too busy with writing non-stop for two hours in row.

I assumed that the content of the lectures and the exercise sessions will not dramatically change and that the main concepts might be the same also. (In mathematics, things usually remain the same – forever.) Therefore, I came up with the glorious idea to copy Isabelle’s handwritten notes for all 12 exercise sessions. Copying all those pages took a couple of hours but I’d like to note that it was worth it! I was very thankful that I could copy her notes. Her handwriting was anyways much clearer and better than my own left-hand-writing-style. In addition to having copies of the solutions for the exercise sessions, I spent some time for googling in search for an adequate econometrics book. That was a tricky task because as most of my readers might already have experienced, Professors often seem to write rather books for other Professors than for students. Luckily, I finally found a pretty awesome book entitled “Einführung in the Ökonometrie” (which is written in German and means in English “Introduction to Econometrics”) which was written from Professor Dr. Ludwig von Auer.<sup>47</sup> For the

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<sup>47</sup> This book received a lot of positive feedback on the webpage amazon.com. Obviously, this book is written in German, and from my point of view this is actually the only German book that is written in a manner that is

English speaking audience, however, I can recommend the books “Introductory Econometrics: A Modern Approach” and “Econometric Analysis” from Professor Dr. Jeffry Wooldridge and Professor Dr. William H. Greene, respectively. Note that the latter book is relatively advanced and requires a good command of matrix calculus and advanced statistics as pre-knowledge.

Between the summer term 2005 and winter term 2005/06, where I started the first course in econometrics, I had a couple of months summer break. During that time I invested about six weeks to study that book and learned the applications from the 12 exercise sessions. I recognized that one needs a good command of matrix calculus and statistics to successfully succeed in econometrics. Therefore, I spent every day about three to four hours learning that stuff. During that summer I actually went with my former girlfriend for about two weeks on vacation to Calella (Spain). I remember that virtually every day the sun was shining and we were at the beach. The cappuccino at the beach cost only EUR 1.50 which was about half of the price from what it would have cost in Germany. I really enjoyed the vacation in Spain but that did not mean that I left my econometrics book at home. So every day I repeated some of the chapters that I already studied during the summer to keep my knowledge fresh in my mind until the new term started. And actually I was not sacrificing anything because when I studied my econometrics book my girlfriend read one of her own favorite books or did something else that she enjoyed doing at the same time. And after being four to five hours at the beach including swimming, drinking coffee and sunbath, it was actually a good diversion to do something cognitive in the early evening before having dinner.

Obviously, this strategy to prepare myself for the toughest courses at the University paid off: First of all, when the lectures of the winter term started in the end of October 2005, it was pretty easy for me to follow the lectures in econometrics. Hence, I could focus on understanding the concepts and the mathematical derivations. Second, during the exercise sessions I could focus on how the teacher was explaining and deriving the solutions of the exercise problem sets and I could make additional notes on the copied notes from Isabelle. Therefore, I felt pretty relaxed and at ease. Moreover, I had the possibility to ask questions whenever I thought it was necessary for my understanding. I also realized that the exercise problem sets were exactly the same as in the previous year. Third, and most

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understandable for students. In general, most academic books written in German that have the word “Introduction” somewhere in the title can be pretty advanced. So this means the title of a course book can be pretty misleading sometimes. I bought many books during my undergraduate studies and most books I could not really understand within a reasonable time frame, even though the title referred to an “Introduction”. So I strongly recommend putting some effort in getting a proper course book that you can actually use for self-studies instead of investing a lot of money in “Introduction books” that no one understands (apart from the Professor himself who wrote the book).

importantly I had a lot of cognitive resources available to focus on other courses as well. I observed that most of the other students, who attended the econometrics classes, were visibly stressed because they had severe problems to follow the lectures and exercise sessions. Overall, I had clearly a huge competitive advantage.

During the lectures in econometrics, I remember that Professor Dr. Herwartz emphasized at some point: “95% of what you have learnt here [at University] you can forget afterwards because you don’t need it. But those 5% that you cannot forget you learn in econometrics classes.” And he meant it exactly in the way he said it. I was surprised to hear that because this was indeed a bold statement. It implied namely that all the other courses at University would have basically been redundant, right? When Professor Herwartz made this statement he was standing close to the front row while having furrowed his brow and his index finger pointed up. Somehow I had the gut feeling that he was right. I wrote about Professor Herwartz already in an earlier chapter. We students looked up to him because we perceived him as extraordinary competent and we also had the perception that he was eager to give his knowledge further to us. He wanted us to learn pretty tough stuff and his lecture handouts clearly pointed towards that he put a lot of effort in preparing his lectures.<sup>48</sup>

After having processed Professor Herwartz’s words, I felt relief because I had the strong belief that by putting so much effort into learning econometrics, I did exactly the right thing. We were not many students who chose econometrics as a major. In total we were maybe about 25 students. I cannot deny that being one in such a small group of people who were willing to go the extra-mile felt somehow elitist. So after passing the first course in econometrics, I also took the follow-up course *Econometrics II* and then two additional specializations, *Time Series Econometrics* and *Econometrics of Financial Market Data*. All of those courses were very learning-intensive (and some background in physics might have been actually very beneficial for *Econometrics II*). Paradoxically, each specialization course resulted in half of the credit points as a standard course in advanced economics even though the workload was at least twice as much. While the lecture material for the courses *Econometrics II* and *Econometrics of Financial Market Data* consisted mainly of a summary of different research papers, the course book for the course *Time Series Econometrics* was “Applied Time Series Econometrics” written by Professor Dr. Helmut Lütkepohl and Dr. Markus Krätzig.<sup>49</sup> It’s an excellent book and I highly recommend studying it.

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<sup>48</sup> I and my friend Johannes were frequently visiting Professor Herwartz during his office hours to ask him question concerning the lectures to deepen our understanding. I remember that he once said straight ahead: “Do you actually know how much time it takes to make the lecture material?”

<sup>49</sup> A big part of the course *Econometrics II* was covered in the popular book “Time Series Analysis” written by James D. Hamilton. It’s a standard book in advanced econometrics classes.



Later on in my career I recognized that Professor Herwartz was right. In a later chapter I will discuss about my job interviews but one thing I can already reveal now: I attended to ten job interviews for pretty good jobs – mostly in the finance industry. In virtually every job interview I heard the same thing, namely that the interviewer(s) highly appreciated and respected my advanced skills in econometrics. Now, some readers might think: “Well, it depends certainly on the job and probably you applied for a specific type of job where skills in econometrics are necessary or required”. However, I think that this is the wrong perspective. Irrespective of whether I was invited for a trainee position in corporate finance at a large bank, for a junior analyst position in trading derivatives or as a sales manager, every interviewer emphasized during the interview that he or she highly appreciated my skills in econometrics. Think about it for a second: Why would a large bank invite someone who had not taken any course in corporate finance for a position in corporate finance? The answer is obvious: econometrics outweighs any other skills acquired at University.

People in the industry think perhaps about econometricians like “social science engineers” or something like that. They probably assume that if a student successfully managed econometrics, he could learn all the other finance stuff simply by doing some practical training. In a sense you can consider econometrics as being “universal” simply because knowing how to apply the advanced statistical methodologies empowers you to do data analysis in virtually every field of social science. You can perform data analysis in the field of psychology, medicine, biology, etc. As an example: If you study biology, then econometrics is called “biometrics”. If you study psychology, then econometrics is called “psychometrics”. However, econometrics, biometrics and psychometrics have the same purpose which is data analysis using applied mathematical statistics.

Another concern that a student could raise is that good skills in econometrics maybe more of importance for jobs in the finance industry but not for jobs in other industries. That’s again a misperception. When I studied at the University of Kiel it happened to be that I met Eike, who was one of my former school mates from highschool. It was actually coincidence that we met in a marketing lecture during my undergraduate studies. I remembered that he actually aimed at a career at the German military, so I was actually pretty surprised to see him sitting there in the lectures just a couple of rows in front of me. Eike was someone who appeared to be always busy. To my mind he also displayed a high level of self-confidence. He usually stood up straight while keeping his shoulders back. It had been a couple of years ago that we saw each other in a nightclub in our hometown where we were dancing on the table. (Well, time changes and sometimes people change.)

At some point later when we met each other again at the campus at University, we talked for a couple of minutes. Like Isabelle, he studied *Quantitative Business Administration* including a whole battery of courses in econometrics and computer science. Since he already made up his mind during his undergraduate studies that he wanted to work in the marketing industry, he took many advanced courses in marketing as well. I'd like to note that at that point in time I was still undergraduate student while Eike almost completed his studies. I could not see how econometrics and marketing was linked with each other, but well, later on I got the point. Unsurprisingly, Eike got immediately a well-paid job in marketing at one of the largest companies in Germany after he completed his studies.

Furthermore, I'd like to recall from the previous chapter that modern employers typically require programing skills. Some of my master students who attended to job interviews told me afterwards that they were invited to the interview only because they documented in their CV that they took my master level course in Matlab programing. Most of the students are very grateful for my course and understand the importance of programing skills nowadays. I usually use every opportunity to put emphasizes on this issue during my lectures again and again. At least then no one can come to me and complain later on that I would not have told anyone about what happens in real life. Anyways, it is surprising to me that the University of Vaasa seems to be the only University in Northern Europe that actively offers such a course for master students in Finance where the students learn basic programming skills in Matlab. It's surprising to me because everybody actually knows that the finance industry requires programing skills for many different jobs. It's an industry standard nowadays. It has been like this already in 2010 and obviously this is an ongoing process that will (most likely) not be reversed in 2050.

What are the basic skills that a student needs to successfully learn programing in a matrix-based computer language? The answer is she needs a good command of econometrics. Matlab and other matrix-based computer languages require a good understanding of matrix operations. The goal is that you can write any econometric formula in the program that executes the calculations. I typically tell my students that if you have one single time series to analyze, it is perhaps easier to use simple programs such as EViews, Stata, SPSS, etc. However, if you have to deal with 25,000 stocks there is no way around programing skills. Unfortunately I observed that students would like to learn programing but they do not have the required pre-knowledge or background in econometrics. Even if they passed the course, once you lack the basic skills in econometrics you can neither apply that knowledge to other problems nor built further knowledge upon what you already learned – simply because of a lack of a proper fundament. In his best-selling book, "When Pride Still Mattered: A Life Of Vince Lombardi", author David

Maraniss argues that Vince Lombardi, who is seen as one of the greatest football coaches of all-time, paid a lot of attention to methodical coverage of the fundamentals. This pattern of focusing on the basics has also been a hallmark of other very successful coaches such as basketball legends John Wooden and Phil Jackson, who were known for having a similar obsession with the fundamentals like Vince Lombardi. The same logic applies to developing good programming skills also: It requires a good fundament and that good fundament is econometrics. When I asked one of my friends, who became Italian Champion in Muay Thai when he was in his mid 20ties, how he prepared for his competitions, he emphasized: "In fights you're under stress. You have no time to think and to do fancy stuff. In many cases I won by using just the basic hit-and-kick combinations. Klaus, I was training the same simple combinations for many hours every day."

Apart from that, I would like to stress out that while the undergraduate thesis is typically rather a type of literature review, in the graduate thesis, students are supposed to do some empirical work. I supervised by far more than a dozen of master theses in finance and I have not yet seen a master thesis where a student would propose some new theoretical model. What is the skill that you need to (successfully) perform empirical analysis applied to real life data? Again, it's econometrics. Unfortunately, I have noticed that it is not uncommon that graduate students can come up with some great ideas for their thesis projects but then it turns out to be that they do not have the methodological skills to perform the actual analyses. This leads, in turn, either to delays of delivering the completed thesis or they choose another topic that is probably less interesting but easier to model, given their restrictions in methodological knowledge. More precisely, if students deliberately choose to avoid the necessary education in econometrics, they ex-ante restrict themselves to only being able explore certain and perhaps easier research questions. On the other hand, students who choose to go the extra-mile obviously have more opportunities to choose an interesting research topic.

Now, after having discussed the importance of econometric education, one may wonder what pre-knowledge is necessary to successfully manage econometrics taught at graduate level. According to my experience, the mathematics courses – in particular matrix algebra and statistics – are crucial. That's why it is important to pay a lot of attention to those courses during the undergraduate studies. Note that every University offers different courses on undergraduate and graduate level. To the best of my knowledge, not every University is offering econometrics as a major. However, knowing that this may be the key to both a job interview or to successfully delivering a good master thesis project, I suggest making sure to acquire that knowledge. What can you do when the study program at your University does not pay much attention to econometrics courses? I think that's a tragedy. But well, one of my

former acquaintances studied a couple of mathematics courses taught for engineers. He did not take any exam, but he went to the lectures and acquired the knowledge that he wanted to have. After finishing his master studies, he got a very well-job in the finance industry as FX-Analyst at a large bank in Helsinki. I am sure, once you made up your mind to learn certain things you will always find a way as well. Note that top-schools – like MIT for instance – even offer online lectures. Even though you cannot take the corresponding exams if you are not enrolled at MIT as a student, you have the possibility to educate yourself and acquire the corresponding knowledge that you need to succeed.

In my opinion, a good command of econometrics is the cornerstone of social science in general. However, there are also other courses that might be beneficial for you and moreover it might be even necessary to get credit points in many other courses as well. Most likely you will face a whole bunch of compulsory courses where you do not have a choice. You need to pass them to get the degree. On the other hand, there might be a whole bunch of courses that you can choose from. That's why it is important that you have already decided what job you would like to have before you start your graduate studies or at least at a very early stage of your graduate studies. Knowing what job you would like to get, you can choose other courses that serve as a complement to your compulsory coursework. For instance, if you are enrolled for the finance program and you made up your mind that you want to get a job in corporate finance you should focus on those courses dealing with that specific topic. Finally, every teacher is probably somewhat biased – that's a part of the human factor – and hence may think that his course is the most important one for all students. So, don't be deceived. It could be that even though a certain course is important from a teacher's point of view – and maybe even from the perspective of some of your fellow students – it does not necessarily mean that this specific course is also important for reaching your individual goal.

### 3.3. *Seminars and presentation skills*

*"What you do speaks so loud that I cannot hear what you say."*

*– Ralph Waldo Emerson*

During their graduate studies, students have to participate in some seminars, which involve writing scientific essays. Those scientific essays are typically structured in the same manner as the graduate thesis, and therefore serve as a preparation for writing the master thesis. Logically, this incorporates a great deal of data analysis, where students are supposed to choose some statistical methods to explore their research questions, and to justify why those methods are appropriate to analyze the data. What is the key skill that students need to have for investigating empirical data? Again and again, we come back to the same issue: Of course, it's econometrics. Since the last chapter should have already provided enough motivation for why econometrics is the key skill in mastering graduate studies in social science, in what follows, I will discuss about another important issue: How should you present your seminar paper?

In short, "presenting your paper's results" actually means "selling your paper's results". In the chapter "Job Interview" I will come back to this issue in greater detail, but for now the context is a plain seminar presentation at University. You might also need this stuff when you work in the industry and you have to give a presentation to your manager or other colleagues. I did not know about this stuff when I was a graduate student. I assume that most people do not know what I will share with you in the following paragraphs. Hence, those who study the presentation skills that I will introduce here will clearly have a pretty huge competitive advantage. First of all, all of us are human beings, and human beings are physical beings. In his book *Winning Body Language*, body language expert Mark Bowden highlights:

The nonverbal elements have been found to be particularly important for communicating the information that forms a receiver's understanding of the feelings, attitude, or intent behind a communication. Indeed, this is true to such an extent that body language accounts for 55 percent of that understanding, tone of voice accounts for 38 percent, and the verbal content, the words, supplies only 7 percent of the perceived overall feeling, attitude, or intent that a communicator communicates. This implies, first, that the feeling, attitude or intent that we might communicate is almost entirely dependent on the nonverbal message (93 percent), not on what we say."<sup>50</sup>

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<sup>50</sup> Bowden (2010), p.6.

Professor Allan Pease confirms this in his book *The Definite Book of Body Language* that research shows that at least 55-65 per cent of communication is done non-verbally.<sup>51</sup> This implies that “how” you present is actually even more important than “what” you present. This may be surprising news to many readers.

How do you use your non-verbal communication (e.g., body language) to command attention and persuade? In their book *Compelling People*, Harvard psychologists John Neffinger and Matthew Kohut provide a whole battery of tools. You might recognize that these tools are valuable in social setting in general. In order to get an understanding how other people perceive you, we need first to understand how we perceive other people. Therefore, I’d like to discuss some key points from John Neffinger and Matthew Kohut’s book. In their book the authors argue that if you meet a new person, you typically experience one out of four possible emotions:

- fear
- admiration
- pity
- contempt

While fear is experienced if an individual shows behaviors that signal a high-level of competence and a lack of warmth, pity is experienced if an individual displays behaviors that signal the opposite, that is, a high-level of warmth and a lack of competence. Furthermore, contempt is experienced if an individual shows behaviors that signal a lack of competence accompanied by a lack of warmth. Simplifying speaking, submissive body language signals warmth, whereas dominant body language signals competence.<sup>52</sup>

As an example, imagine you are working in the customer care department at a small bank in the middle of a small town. You are sitting on your desk and after some time you recognize that a customer is waiting for you at the counter. You go to the customer and see a guy that wears a dark suite with a white shirt and a dark blue tie. You recognize that he’s a new customer. He is about 35 years, is properly shaved, has flexed lower eyelids and does not smile. When you stretch out your hand for giving him a handshake, he twists your hand so that he has the upper hand and then squeezes your hand so much that your hand almost cracks. What emotion would you feel? It’s obvious. He shows dominance in every behavior and it’s likely that you feel intimidated and the corresponding emotional state you experience

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<sup>51</sup> Pease & Pease (2004), p.9.

<sup>52</sup> Neffinger & Kohut (2013), p.20-26.

is fear. Note that even the clothes that he wears do not display any warmth.<sup>53</sup> Note also that clothes are typically a matter of individual choice.

As another example, let us again assume that you are working in the customer care department at a small bank in the middle of a small town. You are sitting on your desk and after some time you recognize that a customer is waiting for you at the counter. You go to the customer and see a guy that wears yellow pants and a loose-fitting white t-shirt. You recognize that he's a new customer. He's about 35 years, wearing a baseball cap, has a three-day beard and a big smile on his face. When you stretch out your hand to give him a handshake, he looks down waits a second and then he looks up for a couple of seconds gives you in a split second a handshake but does not look at you while giving you the handshake. His handshake felt as if you held a dead fish in your hand. What emotion would you feel in this situation? His behaviors such as having a permanent big smile on the face while looking down display submissive behaviors and, moreover, he seems to have difficulties to handle this situation. As a consequence, you might probably experience either pity or contempt – depending on your beliefs.

I could continue to discuss more examples but the key point here is to recognize that every behavior sends out certain signals to other people. Successful speakers need to display both at the same time, a high-level of competence and a high-level of warmth transmitting trustworthiness. In what follows, I go through a whole battery of presentation skills that the psychologists John Neffinger and Matthew Kohut and body language expert Mark Bowden provide in their books, and afterwards I give you an exercise that I would like encourage you to do.

### *1) Start your presentation with warmth to get in the circle*

Why is it important to start any conversation with behaviors that signal warmth? Associate Professor Dr. Amy Cuddy provides us with a reasonable answer and highlights:

Why do we prioritize warmth over competence? Because from an evolutionary perspective, it is more crucial to our survival to know whether a person deserves our trust. If he doesn't, we'd better keep our distance, because he's potentially dangerous, especially if he's competent. We do value people who are capable, especially in circumstances where that trait is necessary, but we only notice that after we've judged their trustworthiness.<sup>54</sup>

Therefore, at the beginning of the presentation, it is useful when the presenter has a big smile when he introduces himself while having the arms stretched out with open palms away from the torso within the

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<sup>53</sup> Ibid, p.138-144.

<sup>54</sup> Cuddy (2016), p.72.

horizontal plane that extends at the height of your belly button. This is a welcoming behavior that clearly articulates to the audience "I'm your friend" and "trust me".

## *2) Magic ball and Mona-Lisa-Smile*

Then when you start to explain things during your presentation, imagine holding a football with both hands within the horizontal plane that extends at the height of your belly button. Your fingers should be curled as if there were actually a real ball there. Keeping your palms open, you can stretch out your arms and, by this, let the imaginary ball grow bigger. Interestingly, Mark Bowden calls open gestures where you place your hands anywhere on the horizontal plane that extends 180 degree from a center of the navel the "TruthPlane", whereas John Neffinger and Matthew Kohut refer to this gestures as "The Magic Ball". Moreover while using the "Magic Ball", it is useful to put on a slight smile which Mark Bowden refers to as "indeterminate smile" that is the smile of the well-known Mona Lisa painting from Leonardo da Vinci. While a big smile according to John Neffinger and Matthew Kohut indicates submissiveness, Mark Bowden argues that the "indeterminate smile" serves as an indicator of acceptance. Therefore, gesturing with an imaginary ball in your hands and putting on an indeterminate smile instead of a big smile is a useful advice for presenters after the introductory part of the presentation.

## *3) Closing physical distance and keeping eye contact*

It makes a difference if you stand behind a desk during your presentation or if you walk around in the room. What's the signal of standing all the time behind the desk? Well, my guess is that you feel pretty safe there, right? Of course, you feel safe behind the desk because between you and the audience is an object. Generally speaking, behaviors can be divided into approach or avoidance behaviors. Standing behind a desk can be interpreted as signaling defensive behavior, as it implies that you avoid closeness to the audience. Since confident behaviors incorporate approach behaviors, you are not seen as confident as someone who actually closes the physical distance to the audience. Therefore, you can display more confidence if you, as an example, walk to the right side of the room, go closer to the audience and talk from there a couple of minutes. Then you walk slowly to the other side and do the same thing again. What's your guess is the actual signal of closing the physical distance between you and someone else? There are basically only two reasons for why an individual would do that. Either the guy you're standing close to is your friend or it's your enemy. In the latter case you would get ready for attack, right? Naturally, in the former case it's a signal for warmth, whereas it's a signal for dominance in the second scenario. That means, depending on the social setting, the same behavior can serve as a



signal for both – strength and warmth. Having your palms open while closing the physical distance to the audience, however, signals “I don’t have weapons in my hands and therefore I’m not your enemy”.<sup>55</sup> Finally, when standing close to the audience it’s a powerful and engaging behavior to keep steady eye contact to the people sitting in that corner as they feel personally involved. In this context, Professor Dr. Peterson highlights:

A well-practised and competent public speaker addresses a single, identifiable person, watches that individual nod, shake his head, frown, or look confused, and responds appropriately and directly to those gestures and expressions. Then, after a few phrases, rounding out some idea, he switches to another audience member, and does the same thing. In this manner, he infers and reacts to the attitude of the entire group (insofar as such a thing exists).<sup>56</sup>

#### 4) *Speaking from the heart and talk as if the audience are your friends*

Since “how” you communicate a message is at least as important as “what” you actually say, another useful advice is that you remember some key words for you presentation which enables you to speak from the heart. If you do that, you are able to keep steady eye contact to the audience which is much more engaging as if you just read what’s on the presentation slides. Moreover, you talk very differently to your friends as if you would talk to strangers, right? Probably some of your fellow students that are sitting in the seminar as well are actually your friends which should make things pretty easy. Just imagine that all people sitting there are your friends, and yes, even the lecturers. If you watch some TED talks on youtube you will be surprised how the people present their research. Many of the popular TED talk presenters talk as if the people in the audience were there friends.

#### 5) *Story telling, humor and enthusiasm*

People love to hear stories and people love to laugh. Admittedly, it’s a tricky thing to come up with a good joke during the presentation. However, it’s always possible to add some self-deprecating humor. And even if not the whole audience starts laughing, it shows at least that you do not take yourself too seriously. Moreover, there is always a story to tell. For instance, there may be a reason for why you or your team decided to choose that specific topic in the seminar or what kind of difficulties you faced on the way to work on that research project. But it’s also a good advice not to exaggerate things. In the end of the day, it’s a scientific seminar and people in science are typically very serious about what they do. Finally, the audience will not be more enthusiastic as the presenter is. However, enthusiasm is difficult

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<sup>55</sup> Recall that you still keep the “Magic Ball” in your hands.

<sup>56</sup> Peterson (2018), p.251-252.

to fake and depending on the culture, people may not always appreciate high-levels of enthusiasm. As an example, one of my friends, who is naturally enthusiastic about what he's doing, was supposed to give a seminar presentation during his graduate studies and he got the feedback from the lecturer that he was "too pushy". Hence, the flip-side of too much enthusiasm may be that it creates a more aggressive and argumentative atmosphere and people usually don't appreciate that. On the other hand, people typically prefer presenters who display a calm and relaxed mode of being. Therefore, in scientific seminars I would like to suggest to present in a relaxed and calm manner and to keep your hands somewhere on the horizontal plane that extends 180 degree from a center of the navel (e.g., "TruthPlane", "Magic Ball"). However, gesturing in the chest area to create a more passionate, respectively, enthusiastic environment makes definitely sense when reaching the key point(s) in your presentation.

#### *6) Additional verbal skills*

How do some people speak who are under stress? They speak as fast as they can and at a high pitch. Therefore, it's a useful advice to speak slowly and at a low pitch as it serves as a signal for being calm and relaxed. Moreover, the presenter can speak in terms of "we" instead of "I" – irrespective of whether or not the seminar project was executed in a team or not. If the presenter uses "we", it makes the audience feel as if everybody is "in the same boat". Even if you as a presenter may be self-consciousness and feel stressed, it's still all about the audience. Finally, everybody falls short of words at some point. In this case, it is a useful tool to pause for some seconds instead of using fillers like "ähhhm" or "you know". To pause for some seconds has also another powerful implication, namely it tells the audience that you have the authority to use "their time", which is actually a signal for dominance as you take temporal space.

Now, I'd like to encourage you to do a short 10 minutes exercise. This exercise should give you an impression of how powerful accurate exercised body language actually is. In earlier chapters, I have already referred to Joel Osteen. If you visit his webpage or you can watch some of his messages (e.g., sermons) for free.<sup>57</sup> Select any of his messages, turn off the sound, and just watch the first 10 minutes of any of his messages. After you have done that, consider the following questions: First, did you feel that he is trustworthy? Second, do you have the feeling that "he knows what he's talking about"? Then, evaluate both questions by giving them a score on a Likert-scale from 1 to 7, where 1 means "I do not agree at all" and 7 means "I completely agree". If you give him on both scales a score of equal or higher

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<sup>57</sup> See <https://www.joelosteen.com/Pages/Home.aspx>. You can also find his messages on his youtube channel.

than 3 then the emotion that you actually experience now is, according to the psychologists John Neffinger and Matthew Kohut, admiration. If you then listen to his message, you will recognize that he really is a master of communication because what he verbally communicates is clearly in congruence with what he is non-verbally communicating as well.

Interestingly, non-verbal communication targets directly people's subconscious mind. How do you think it makes people feel if spoken words would not line up with what you non-verbally communicate? People will suddenly have a certain "gut feeling" that something weird is going on and, in the end, they will not believe your story because in case of doubt they believe what your body is saying. That's a simple consequence of being a physical being. What do you think is the reason for why companies want to have real-life job interviews with potential job candidates? (Note that the whole recruitment process is enormously costly for companies.) Once, when I was living in Stockholm (Sweden) I was invited to an interview process in Oslo (Norway). The company paid everything, flight tickets, accommodation in a very nice hotel, taxis, etc. And I was not the only guy who was invited to the assessment center. There were probably hundreds of people. I have never seen that before. I will come back to that in a later chapter, but the key point here is that whatever items you will have on the CV, once you face an interview situation, "how" you communicate your CV matters at least as much as "what" your actual story is all about.

Good presentation skills are necessary and useful tools later on in life also. Apart from job interviews, you might need to present some of your project works at your company. For instance, when I worked as Risk Analyst with Klarna AB, I was supposed to give a whole battery of presentations, simply because not only my manager but also my team mates had an interest in the results. Logically, other people might be inspired by some of your results and come up with follow-up projects or with ideas how to develop or improve your project even further. How can you successively develop those presentation skills? From my point of view, the most useful advice that I found so far was provided in the book from John Neffinger and Matthew Kohut: video analysis. First of all, you see yourself from the perspective of others which per se can be pretty humbling sometimes. Second, you can set up a development plan and determine which specific skills you would like to work on and then successively monitor your improvement. Once you are satisfied with the results, you can start focusing on other skills that you would like to develop. In the end, the whole process is about forming new habits, and therefore acquiring good presentation skills might certainly take some time.

### 3.4. Writing the graduate thesis

*“A person who has achieved control over psychic energy and has invested it in consciously chosen goals cannot help but grow into a more complex being. By stretching skills, by reaching toward higher challenges, such a person becomes an increasingly extraordinary individual.”*

— Professor Dr. Mihaly Csikszentmihalyi

In the end of 2008 I was supposed to start writing my graduate thesis. Obviously, we faced pretty spectacular time as the large U.S. investment bank Lehman Brothers' just went bankrupt in October 2008. As a graduate student I was wondering what kind of graduate thesis project could benefit me the most later on when looking for a job. On the one hand, I was pretty enthusiastic about the econometrics courses from Professor Dr. Helmut Herwartz, but on the other hand I was not sure whether my mathematical skills would be enough to meet the requirements of that challenge. I thought it would be very easy to score high when writing my master's thesis in pedagogics instead as pedagogics was my second major (and compulsory for my degree program). I was struggling with myself back and forth what I should do. At that point in time I was living in Stockholm due to my exchange studies at Stockholms University. I was at the same time working as research assistant with the Swedish start-up company Inquiry Financial AB. Finally, I decided to write my graduate thesis in applied econometrics anyways and wanted to investigate how investment funds respond to volatility shocks in the stocks market.

Professor Dr. Helmut Herwartz was my supervisor and quite open-minded for research topic suggestions, so I could immediately start working on that project that I had in mind. The last term at University was a bit tricky for me because I had some compulsory seminars at the University of Kiel and at the same time I wanted to take another very interesting master-level course in empirical asset pricing at Stockholms University. As a consequence, during the last term of my graduate studies I was supposed to fly by airplane a few times back and forth between Germany and Sweden. I admit that it was a somewhat stressful time but I really enjoyed it. I perceived it as positive stress because it was a challenge to me that and I was convinced that I could successively deal with it.<sup>58</sup> Even though writing my graduate thesis posed a challenge to me and required stretching my skills in econometrics, I could decide how to set up my thesis and how deep analysis I would perform.

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<sup>58</sup> In the corresponding literature this positive stress is often referred to as eustress.

For the first part of thesis, I was supposed to apply the skills that I learnt during the lectures to a new research problem. I used the programs JMulti and EViews which are standard statistical software in economics and finance.<sup>59</sup> I remember that I was fully engaged in the research project and I enjoyed it a lot. I had the feeling that I successively extended my skills every day. Moreover, I could somehow see the red thread, that is, I understood more and more that the statistical methodologies that we learnt in the econometrics classes were indeed very useful for investigating real life data. I analyzed a whole bunch of investment funds data and every day I performed different statistical analysis and in the end of each day I wrote the results together. During the research project, it felt for me as if the time went by extraordinary fast. Whenever I did not have any lectures and had off from work, I continued to work further on my thesis, and often more than eight hours. Moreover, I experienced for the first time that even though I was tired after a couple of months, my enthusiasm for my thesis project remained on a high level and therefore I felt highly motivated over a time span of four months.

Years later, I understood that this extraordinary experience that I had when I wrote my graduate thesis is called “flow experience” in psychological terms, and the concept of flow is the signal contribution of Professor Dr. Mihaly Csikszentmihalyi. In his bestseller *Authentic Happiness*, Martin Seligman, who is Professor of Psychology at the University of Pennsylvania and serves as Director of the Positive Psychology Center, defines the psychological components of (delayed) gratification which he in essence defines as the “flow experience”:<sup>60</sup>

- The task is challenging and requires skill
- We concentrate
- There are clear goals
- We get immediate feedback
- We have deep, effortless involvement
- There is a sense of control
- Our sense of selves vanishes
- Time stops

I guess everybody had flow experiences in life many times. For instance, think about a situation where you had a great conversation with someone and then at some point you had a look on your watch and were surprised about that you were sitting there and talking with each other already for hours. That’s

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<sup>59</sup> The software JMulti is a program that is strong in time series econometrics and can be downloaded for free on <http://www.jmulti.de/>. The corresponding teaching book is *Applied Time Series Econometrics* and co-authored by Professor Dr. Helmut Lütkepohl and Dr. Markus Krätzig.

<sup>60</sup> Seligman (2002), p.116.

the saying “time flies when you're in great company”. In regard to the graduate thesis, to experience the flow state requires that your skills meet the requirements. If I had a lack of skills, I would not feel in control but lost, and the involvement in the task would turn out to be rather stressful than effortless. As a consequence, I would not be able to enter a flow state. Once you acquired the necessary skills for your thesis project during your journey through University, however, you have the great opportunity to write your thesis in a mental state of happiness. Notably, Professor Dr. Martin Seligman emphasizes:

When we engage in pleasures, we are perhaps just consuming. The smell of perfume, the taste of raspberries, and the sensuality of a scalp rub are all high momentary delights, but they do not build anything for the future. They are not investments, nothing is accumulated. In contrast, when we are engaged (absorbed in flow), perhaps we are investing, building psychological capital for our future. Perhaps flow is the state that marks psychological growth. Absorption, the loss of consciousness, and the stopping of time may be evolution's way of telling us that we are stocking up psychological resources for the future. In this analogy, pleasure marks the achievement of biological satiation, whereas gratification marks the achievement of psychological growth.<sup>61</sup>

The engagement in the flow experience means that you are fully focused on the task which results in a loss of self-consciousness, which in turn, is buffer against depression.<sup>62</sup> It may be also interesting to note that research has shown that individuals that experience flow more often tend to have higher levels of self-esteem.<sup>63</sup>

While the first part of my graduate thesis involved the application of econometric methodologies that I already learnt in classes, the second part of my thesis posed a much greater challenge. Professor Dr. Herwartz had published a co-authored research article in the Journal of International Money and Finance in 2006.<sup>64</sup> In his paper entitled *Volatility impulse responses for multivariate GARCH models: An exchange rate illustration* he proposed a novel econometric method to estimate the response in a time series to volatility shocks in another time series. This method was referred to as Volatility Impulse Response Functions (VIRF). In my graduate thesis, I wanted to apply this new method in an equity market setting because I wanted to explore how investment funds behave in the presence of volatility shocks in the stock market. Since VIRF was (still) a novel method in 2008, there was no standard software available that could provide the computation and estimates. Since I had some basic programming skills in Matlab, I tried to write my own code to solve my research problem. However, even though I tried it for several days, I could not make the code running. I felt lost and at that

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<sup>61</sup> Ibid., p.116.

<sup>62</sup> Ibid., p.119.

<sup>63</sup> Ibid., p.117.

<sup>64</sup> The Journal of International Money and Finance is a well-recognized impact-factor journal.

stage, I did not experience a state of flow. Instead I felt stressed. It was also clear to me that it was not Professor Herwartz's job to do what I was supposed to do and neither was it the job from his research assistants. All of them were busy enough with their own research. At some point, I luckily had the opportunity to have a conversation with my friend Jannick and told him how frustrated and stressed I felt.

Jannick, however, remained relaxed, was pretty optimistic, and assured me that this was no problem at all. Even if Jannick did not work with Matlab, his major was computer science and I perceived him as being very talented in this field of science. He simply had an excellent intuitive understanding of algorithms, how codes are working, how to find errors, and how to make everything running. So we agreed on a time where he would help me with making my code working. I'd like to mention that our following skype-meeting was pretty surprising to me. First of all, he used a program that enabled him to have access to my computer and all the information and programs on my computer. Honestly, I didn't even know that such programs did exist. It seemed to be that Jannick knew everything about computers and programs and I really admired his competence and passion for that. It took maybe half an hour until Jannick found the errors in my code and made it running. I was really surprised because he told me earlier that he did not use Matlab at all but it was obviously not a problem for him to find errors in someone else's code and then provide even a solution. Afterwards I felt just happy and relieved. It's difficult to describe how grateful I was for Jannick's help especially because I knew that he was very busy as well with his own studies and his work.

Recall, that three years ago – during our undergraduate studies – Jannick almost dropped out from his studies, but I gave him a helping hand and encouraged him to continue. I taught him descriptive statistics and he successfully passed that course. Now Jannick had a great job in the computer marketing industry and almost finished his graduate degree in Economics with computer science as major. When I helped Jannick three years ago, I did not expect that I would need his help later on in life. I also would like to highlight, that Jannick never forgot about my help. I cannot even count the number of times when he invited me for beers, coffee, etc. Sometimes it was even embarrassing for me that he did much for me – just because I helped him a couple of years ago. I didn't really understand his deep gratitude back in the days.

Nowadays, I am teaching master students of finance and I experience similar behaviors over and over again: As an example, a student of mine wrote me a handwritten letter of gratitude for my lectures and gave me a book as a present. Moreover, I frequently receive E-mails where students express their gratitude. It is always encouraging to receive positive feedback. (In my opinion, however, I am actually

just doing what I am supposed to do as a teacher at University.) Students are indeed very thankful when they recognize that a teacher performs at his best and is authentically interested in giving his knowledge further because they somehow perceive it as help. When I started teaching at University I had not expected that. Therefore, I find that helping others somehow always pays off. Sometimes you get the payoff immediately and other times it's somewhat lagged but there's always some kind of payoff.

Thanks to Jannick's help, I could continue with my graduate thesis project and submitted everything after exactly four months which had been the regular time window for submitting the graduate thesis for my degree program. When finalizing my thesis I felt that I gave my very best and whatever would come out of it was good for me. Since I used a recently proposed statistical technique in a novel research setting and proposed – based upon my research findings – a novel method as an investment funds selection criterion, I had the view that I had a pretty good contribution. Indeed, I passed my graduate thesis with a great success.

Since I already supervised more than a dozen of master thesis projects, I have the opportunity to provide a view from another perspective, namely the supervisor's perspective. I could observe that several of my students do exactly the same things that I did when I wrote my graduate thesis. For example, in the early spring of 2016 one of my students booked an appointment with me to discuss his idea for his master thesis project. To have a more relaxed atmosphere, Joni and I decided to grab a coffee in the café next to the University's library. After having some interesting small talk, Joni showed me a recently published paper in the *Journal of Financial Economics* (JFE), which is a top-notch finance journal. The paper entitled *Momentum Has Its Moments*<sup>65</sup> proposes a new strategy to manage the risk of the popular momentum trading strategy that was documented first in the seminal paper from Professor Dr. Sheridan Titman and Professor Dr. Narasimhan Jegadeesh back in 1993.<sup>66</sup> Joni had the idea that he would replicate the study in the Finnish stock market. I challenged Joni's idea because the Finnish stock market does not exhibit the data requirements as outlined in that paper. I suggested him that he would do the analysis for U.S. industrial momentum instead. The industry momentum strategy was proposed first in a 1999 paper entitled *Do Industries Explain Momentum?*<sup>67</sup> I emphasized moreover that analyzing the U.S. stock market is due to its superior market capitalization much more important than any other equity market and whenever a student deviates from exploring the U.S. market, he or she needs to have an extraordinary good motivation for that. Joni understood my concerns and as he

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<sup>65</sup> Barroso, P. & Santa-Clara, P., 2015. Momentum Has Its Moments. *Journal of Financial Economics* 116, 111-120.

<sup>66</sup> Jegadeesh, N., Titman, S., 1993. Returns to buying winners and selling losers: Implications for stock market efficiency. *Journal of Finance* 48, 35–91.

<sup>67</sup> Moskowitz, T. J. & Grinblatt, M., 1999. Do Industries Explain Momentum? *Journal of Finance* 54, 1249-1290.



was targeting a high grade for his master's thesis, he stuck with that idea. Hence, he investigated the new risk-managing trading strategy as proposed in the 2015 JFE paper in the research context of the 1999 Journal of Finance paper.<sup>68</sup> That was indeed a novel issue. For me it was clear that if something reasonable came out of this analysis, his thesis could provide a significant contribution.

Notably, Joni was a hard-working guy and after just a couple of weeks later, he booked another appointment with me, where he reported his preliminary results. His results seemed to be very promising. During our second meeting I saw his excel files and recognized that he actually had red eyes due to a lack of sleep. He continued with that project and graduated two months thereafter. His thesis was well-motivated and offered as key contribution the investigation of volatility-managed momentum implemented in a new setting, that is, U.S. industry portfolios. His master's thesis was graded as excellent and in 2017, he received the award "Best Master Thesis in Finland" (which means EUR 5,000 tax-free). In addition, I and a colleague of mine replicated the results of Joni's thesis, added several novel aspects involving a whole battery of additional data analysis, and wrote the paper entitled *Risk-managed industry momentum and momentum crashes*. In our common paper Joni remained as co-author. That paper has been published in a well-recognized scientific journal in January 2018.<sup>69</sup> Joni got immediately a job after his studies in the finance industry, where he worked as an Equity Analyst. It was a win/win game – everybody involved was happy!

Another example is Anna. For Anna's master's thesis I served as second reviewer. She submitted her master's thesis in 2014. (During this time I was still a doctoral student.) In her master thesis she analyzed the dynamic relationship among oil price changes, technology stock prices and renewable energy stocks. She also explored whether the dynamic relationship was time-varying. In her master's thesis, she extended five research papers that explored the dynamic interrelations between oil price shocks and clean energy stocks.<sup>70</sup> As there were not many papers available that would deal with that specific stream of research, it was more likely to find a niche for a contribution. In her thesis, she clearly states how she contributes to the literature:

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<sup>68</sup> Note the Journal of Finance (JF) and the Journal of Financial Economics (JFE) are both top-notch finance journals.

<sup>69</sup> Grobys, K., Ruotsalainen, J., Äijö, J., 2018, Risk-managed industry momentum and momentum crashes, Quantitative Finance, forthcoming.

<sup>70</sup> Henriques, I. & Sadorsky, P., 2008, Oil prices of alternative energy companies, *Energy Economics* 30, 998-1010, Chen, C.C., Cheng, C.M., Hu, A.C. & Huang, A.Y.H., 2012, Oil prices and stock prices of alternative energy companies: time varying relationship with recent evidence, *Journal of Economics and Management* 8, 221-258, Kumar, S., Managi, S. & Matsuda, A., 2012, Stock prices of clean energy firms, oil and carbon markets: a vector autoregressive analysis, *Energy Economics* 34, 215-226, Managi, S. & Okimoto, T., 2013, Does the price of oil interact with clean prices in the stock market?, working paper, Inchauspe, J., 2011, State-space risk measurement: an application to renewable energy returns, conference paper.

This study contributes to the existing academic knowledge on the impact of oil prices on the renewable energy field in several ways. First, it contributes to studies of Henriques & Sadorky (2008) and Kumar, Managi & Matsuda (2012) by emphasizing the importance of distinguishing between different periods in explaining effect of oil prices on renewable energy stock behavior. Secondly, it provides a more comprehensive and globalized look at the interrelation among variables. For instance, of Henriques & Sadorky (2008) and Managi & Okimoto (2013) consider ETF of the WilderHill Clean Energy Index (ECO) to track stock performance of renewable energy companies. This portfolio does not include Asian stocks. Also, U.S. stocks account for 76.19% of it unlike the Winderhill New Energy Global Innovation Index (NEX) that is considered in this research. In NEX, 43.8% of index members represent the Americas, Asia and Oceania -29.1%, and EMEA -27.1%. Taking into that China is today's world leader in investment in clean energy, considering NEX index instead of ECO index seems reasonable. Likewise, in contrast with Henriques & Sadorky (2008) and Inchauspe (2011), present study deploys an average of WTI and Brent crude oil future prices as a benchmark for crude oil prices. Since 2010, Brent has started trading at a premium to WTI indicating that the U.S. does not drive the crude oil demand anymore; therefore, utilizing only WTI crude oil prices might not be sufficient. Last but not least, current study contributes to all above mentioned researches by considering the extended time period till April 2014. Study findings should be useful for both companies operating in the renewable energy field and policy makers. They are also beneficial for better decision-making of investors.

Already in the introduction of her thesis, Anna highlighted what she was doing differently compared to earlier research and, moreover, she reasonably argued for why she was doing that. Furthermore, to accomplish her empirical investigation, she used standard econometric methodologies to analyze the data. The same methods were employed also in some of the earlier studies that she referred to. Finally, she discussed carefully to what extend her results confirm earlier research and which of her findings deviate from earlier studies, that is, the novel aspects of her research. As she did not learn the statistical methods that she needed for her thesis project, she was supposed to acquire those skills by self-studies which meant for her reading the corresponding course books for econometrics and getting familiar with the estimation using standard econometric software. Anna's thesis was graded as excellent also. I suppose it would have been easily possible to re-write Anna's thesis in form of an academic paper and to publish it. That was our plan. However, I was too busy with my own doctoral thesis project and had no resources to work on even more projects.

Now, after we went through a couple of examples of how to write a master's thesis I'd like to provide (in brief) my general recipe for "how to write a good master's thesis":

- 1.) You extend recent research papers that were published (preferably) in top-journals of your field of studies. The extension can be either articulated as in Joni's thesis where he applied a recently

proposed method to a different context or as articulated in Anna's thesis, an extension of earlier research that did not find a consensus. In doing so, Anna's study was actually not a pure replication but she "improved earlier research" by choosing slightly different variables that appeared to be more accurate for the research question at hands.<sup>71</sup>

- 2.) You communicate in a reasonable manner how you contribute to the already existing knowledge (e.g., academic literature) and you argue in a reasonable manner for why this is important to know. What is (are) the novel aspect(s) in your thesis? What is it that we do not know yet? Why is it important to know? What is the impact of your finding? As an example, imagine you want to replicate a study that employs U.S. data to data of another country. That's probably enough for passing a master's thesis, but you need anyways to answer the following question: Why would it be important? Why would investors care about illiquid small stocks in emerging markets when they can trade high liquid big stocks in the U.S.? In a common conversation, I remember that Professor Herwartz told me already ten years ago, that "in finance research, its market capitalization that matters". Nowadays – ten years later – I am a researcher by myself and I can strongly confirm Professor Herwartz's informal statement. If you want that your thesis matters then you need to choose to do what matters.
- 3.) You choose econometric/statistical methods that have been used earlier to analyze similar research questions and if you deviate you explain in a reasonable and convincing manner for why you do so. During my doctoral studies, I was supposed to attend the compulsory course *Empirical Corporate Finance*. During the lectures, Professor Dr. René Adams told us Ph.D. students that whenever we deviate from Ordinary-Least-Squares (OLS) in our research, people will be skeptical about the results because there is a risk that the results will be rather a statistical artefact instead of real novel economic knowledge. However, if using different statistical techniques yield the same results then you would have a strong case.
- 4.) You discuss your result with the result from the papers that are the fundament of your thesis. Are the results the same? If not, why are they deviating? What did you expect? Is there any surprise effect in your thesis? What do we learn from your results? Are the results in line with the underlying theory?
- 5.) You summarize the findings of your thesis and provide a potential avenue for future research.

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<sup>71</sup> There are also other ways to write an excellent master's thesis, but those two are in my opinion the most straight forward strategies. I had another student that had excess to a unique data set as she already was working in the finance industry. But this is rather an exception.

Even if people (e.g., supervisors, reviewers, etc.) enjoy significant results more than not significant results, if you have a reasonable research hypothesis that has strong fundamental grounds but your empirical results do not confirm the theory, it's still a contribution, as one might have not expected that outcome.

## 4. INTERNSHIPS

*"Knowledge is of no value unless you put it into practice."*

*– Anton Chekhov*

Internships are of key importance during your studies for at least four good reasons. First, you have the opportunity to gather some useful practical working experience. There can be a huge gap between the theoretical education provided by Universities and the skills that employers require nowadays. Working as an intern may serve you as an useful guidance for how to set up the last terms at University because you have the possibility to get insight concerning what skills are actually required in real-life and in turn you have then the possibility to acquire the required skills that you need later on to succeed in the industry. I will come back to this issue once again and in more detail later on in the current chapter.

Second, you have the opportunity to expand your professional social network and connect to new people. This could be beneficial for your future career because some of your new colleagues might contact you later on when they know about new positions that are not yet public knowledge. As an example, during my work at Klarna AB, I recognized pretty fast that many of my colleagues were friends with each other. Later on I understood that this is actually not surprising at all as some managers of the company actively encouraged the employees at various occasions to check their friendlists and to advertise working with Klarna AB. And this made actually a lot of sense as well: If an employee is eager like a beaver and delivers good work, it is very likely that she has friends who have a similar type of personality. Recall the saying "birds of a feather flock together." Klarna AB's approach made the whole recruitment process much easier and employees who successfully recruited someone among their friends received benefits. As another example, Mike, who was one of my colleagues at Klarna AB became also one of my friends. It happened to be that Mike had a friend, who worked in a management position at one of the largest banks in Sweden. After some time, I befriended with my Mike's friend during a private party as well, and he told me about a job opportunity at the financial institute where he worked. Interestingly, the open position was not "public knowledge" yet. The new job implied a considerably higher salary compared to my salary at Klarna AB. When I applied for that job I could contact the responsible manager directly and had the possibility to refer to Mike's friend. Unsurprisingly, I was immediately invited to an informal interview.

Next, I would also like to mention one of my acquaintances whom I got to know through my doctoral studies. He was around 40 years old when he got an extraordinary well-paid job at a large bank in Helsinki. He did not work in the financial industry for many years as he started doctoral studies after

he quit his last job at another financial institute. I asked him how he got to know about that job. This was an interesting question as he told me earlier that people who work in those high-paid jobs (e.g., Analysts) would form a “closed group of people and they do not let anyone from the outside enter the inner circle.” He also told me that Analysts typically change from one bank to the other and vice versa simply to negotiate higher salaries but the people in this pool of employees are actually always the same guys. Of course, sometimes some people may randomly enter the inner circle, but the probability is pretty low. Moreover, my acquaintance was already 40 years old at that point in time and he did not work in the industry for several years which actually meant that the odds were not for him, right? After all, it may be not surprising that the reason for why he was invited to the job interview was that he had an acquaintance in the inner circle who told him about that job that was not public knowledge yet, and he had the possibility to refer to that friend in the inner circle. I could continue to provide anecdotal evidence for this phenomenon that most people would not like to talk about because it implies a type of corruption, right?

Of course, the question arises if these “inner circles” do actually exist in real-life or if it’s rather a hypothetical construct to explain something else. Therefore, I’d like to cite clinical psychologist Professor Dr. Jordan Peterson who documents in his book *The 12 Rules for Life*:

I am describing my dog instead of writing directly about cats because I don’t wish to run afoul of phenomenon known as “minimal group identification”, discovered by the social psychologist Henri Tajfel. Tajfel brought his research subjects into his lab and sat them down in front of a screen, onto which he flashed a number of dots. The subjects were asked to estimate the quantity. Then he categorized his subjects as overestimators vs underestimators, as well as accurate vs inaccurate, and put them into groups corresponding to their performance. Then he asked them to divide money among the members of all the groups. Tajfel found that his subjects displayed a marked preference for their own group members, rejecting an egalitarian distribution strategy and disproportionately rewarding those with whom they now identified. Other researchers have assigned people to different groups using ever more arbitrary strategies, such as flipping a coin. It didn’t matter, even when the subjects were informed of the way the groups were composed. People still favoured the co-members of their personal groups.<sup>72</sup>

Professor Dr. Jordan Peterson concludes that these psychological experiments would show both – that people are social and antisocial at the same time. Therefore, the existence of inner circles is not only a hypothetical claim, but it would be rather surprising if those groups did not exist because it’s obviously a part of common human nature.

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<sup>72</sup> Peterson (2018), p.336-337.

The third reason for why internships may be useful is that it is possible that if you do an excellent job and create an added value for the company, the company may offer you a job directly. This can also imply that you start already working before you graduate. Junior positions are rare and the competition for these jobs is high. Once you did an internship at that company, later on the odds may be for you, provided you did well, simply because the people know you already. (At least they have the perception that they would know you.) This is not surprising due to the familiarity heuristic. Nobel Prize winner and psychologist Professor Dr. Daniel Kahneman points out in his bestseller "Thinking – fast and slow" that people favor familiar places, things or people over novel places, novel things or novel people. This familiarity bias occurs in various situations that individuals experience in their day-to-day life, including employment decisions. Familiarity leads to cognitive flow in individuals (including Human Resources managers) which is associated with a "state of ease". Unsurprisingly, since novel people disturb the "state of ease" it is more difficult for them to get a chance.

Finally, an internship serves for potential future employers as a signal that you are eager, willing to work and to learn new procedures. Note that there may be other students that go on vacation to Thailand while you are working. You can ask yourself the following question: If you were running a company whom would you employ – all else being equal – the guy who went on vacation for three months or the other guy who worked in the industry for three months?

When I was in my undergraduate studies and asked graduate students that I considered competent for some advice, it was pretty clear to me that an internship at a large company is beneficial and perhaps even necessary for my CV. However, I recognized pretty soon that there were not many open positions at large financial institutions such as Deutsche Bank. Even if Deutsche Bank had offered 20 positions for interns per year, think about how many good students would have sent their CVs. Nowadays I actually think that it's very difficult to get a position without having the right social network. (That's, of course, just my subjective perception.) Some of my fellow students told me that they made a six-month internship and that most companies required that you'd work at least six months because they also invest time in you as an intern, and all of us might have encountered the following equation at some point:  $\text{TIME} = \text{MONEY}$ . However, I wanted to finish my studies as fast as possible and finally I found another solution.

Sönke, who was one of my highschool friends, suggested me to contact Olaf to ask him if he could organize an internship for me. Olaf was one of my former highschool mates and a good friend of Sönke at that point in time. I had no contact to Olaf for many years but I remembered that when we were 12 years old we have been actually pretty good friends. I remembered Olaf as smart and highly

socially competent. He studied economics at the University of Kiel and after he finished his undergraduate degree he started working at GFIgroup in London (U.K.). In contrast to banks, GFIgroup was back in 2006 a broker company dealing with over-the-counter businesses. The company's customers were other financial institutions and other large companies such as power producers, as the company was mainly conveying trading in electricity, such as power futures, oil swaps, etc. The way how Olaf got that job is actually pretty amazing: He attended some sort of business meeting in the U.S. where it happened to be that he met one of the managers from GFIgroup. (And note that Olaf's trip to the U.S. had the actual purpose of "networking". He understood obviously at an early age how important networking actually is.) Obviously, they came along with each other pretty well as Olaf got a job as a broker after the meeting and started working at the office in London. By launching the brokerage of energy-options as a new business for GFIgroup, Olaf created his own job-unit-niche and, as a consequence, his own department.

Even though it felt a little bit awkward to me to contact someone that I have not talked to for almost ten years, I decided to ask Olaf if we could meet. Since Olaf's parents were living in Germany, he was regularly flying back and forth and after a couple of weeks we met and talked with each other. It was surprising that even though we did not see each other for many years it did not feel for me as if we were strangers. We had a very nice conversation and he fully understood that it would be important to me to do an internship abroad. Even if he had compassion for me, he could not promise me to 100% that I would get an internship at GFIgroup, simply because the company usually did not offer internships for students. After a couple of weeks it was a huge relief for me when Olaf contacted me telling me "to better get ready", as I got the position as an intern at GFIgroup. As a consequence, in summer 2006 I had the extraordinary opportunity to spend four weeks in London and could gather some interesting insights about the finance industry. For me it felt almost like an adventure trip and every day I got new experiences. I had also the opportunity to have plenty of great conversations with Olaf. I recognized that the employees at GFIgroup worked really hard and a lot of hours. The working days were long. Some guys, who worked at the department dealing with credit derivatives, worked often until 22 o'clock and then came back to work in the early next morning. In my leisure time I had the great opportunity for sightseeing also: For instance, I walked over the Tower Bridge of London many times, went on a bus tour, visited the Big Ben, went on a shopping tour through the Harrods – and thanks to Olaf – visited market places that are rather known to local people.

After my internship in London, my English skills improved also, I learnt something new about option pricing and swaps pricing and I got a good impression of how it feels like to work in the finance



industry. I even got an exceptionally good testimonial. This was an extraordinary thing that I could not take for granted because it was obviously common practice in the U.K. that companies do not issue testimonials in printed form for employees – unless they worked at a company for many years. That's one interesting difference to how companies in Germany handle this issue, as it is common practice in Germany to issue basically any testimonial in printed form. However, Olaf successfully convinced the Human Resources department at GFIgroup that a printed testimonial would be very important for me, and as a consequence, I luckily got a testimonial in printed form and not only that, the testimonial was excellent which even made Olaf wondering.

Of course, I was very grateful that Olaf organized this internship for me. I did not get paid, but that was completely okay for me as I first did not really create a significant added value for the company, and second I could stay four weeks for free in one of GFIgroup's apartments for employees. During the time in London, Olaf applied for graduate studies in Economics at the London Business School, where he was supposed to write an entry exam including some stuff in econometrics. Since he kindly organized my internship, I was happy that I could at least help him with the econometrics part of the entry exam. After that summer I felt a huge relief because I had accomplished an important component for my CV which most other students did not have in their CV – an internship abroad at a large U.S. financial institution that had a branch in the U.K. Therefore, I could happily continue with my graduate studies. At this point I can already tell that in most job interviews that I attended at a later stage, the interviewers were surprised about my internship at GFIgroup and asked questions about that, which meant to me that I did exactly the right thing at the right point in time. And again, we had a win/win situation: While Olaf helped me by organizing an internship I supported him in solving the econometric part for his entry exams at the University.

From July 2007 until March 2009 I studied as an exchange student at the University of Stockholm. At this point in time, I had almost my whole course work complete for my graduate studies, including advanced (doctoral) courses in Econometrics. In the advanced course *Econometrics of Financial Market Data* we learnt to simulate option prices using GARCH models in the program Matlab. This is already a relatively sophisticated mathematical issue from my point of view. When I took that course I did not really understand the reason for why we learnt all this complicated stuff but in summer 2008 I started to get the point.

In the end of December 2007, I got to know by coincidence that the Swedish start-up company Inquiry Financial Intelligence AB was looking for a German-speaking Research Assistant. Since I got to know that many graduate students worked part-time and I also wanted to earn some extra money, I

applied for that job and was immediately invited for a personal job interview. The interviewer was just a couple of years older than me and very enthusiastic about my knowledge in econometrics – even though I did not need any those skills for that job. Interestingly, I got that job on the same day and started working there part-time from January 2008 onwards.

At that point in time, the company had three managers – the guys who founded the start-up company – and about a half dozen of Research Assistants, who had the task to contact European Equity Analysts to gather data about their profit expectations for different companies. The figures that we collected were then used to calculate consensus estimates that, in turn, were marketed in different products that were sold to other financial institutions. The team was very young and it made a lot of fun to work there even though it felt like working as a call center agent rather than a research assistant. The founders of the company organized also some events where all employees went to the amusement park in Stockholm (e.g., Grönerlund) and afterwards we ate dinner at restaurant in the city center of Stockholm. I really enjoyed it! I worked at that company about 20 hours per weeks.

However, as I wanted to gather some further working experience, where I could perhaps use more of my skills that I learnt at University, I applied for a well-paid summer job at SEB which is a large Swedish bank and perhaps comparable to Deutsche Bank in Germany. SEB offered a few summer jobs every year and students were supposed to apply already in early spring for those positions and so did I. Like it is the case for internships at Deutsche Bank so it appeared to be for SEB and people told me that “it’s impossible to get a position”. Anyways I optimistically applied for a position related to option pricing and after a couple of days after sending my application I got a phone call and was indeed invited for a job interview on the next day. On the one hand I was somewhat lost as I was not sure about how to prepare for the interview but on the other hand, I had already a job so I could feel pretty relaxed anyways.

The interview for the summer job took about an hour and I was supposed to answer a lot of more questions than I had expected. Moreover, I was not only interviewed from someone who worked at the Human Resources (HR) department but also from the Head of the department dealing with option pricing at SEB. While the HR staff member asked a battery of general questions about my CV, the guy who would have been my manager had more detailed questions concerning my quantitative skills. Of course, he wanted to figure out if my skills met the demands for that summer job. He was actually pretty enthusiastic about my skills and course work in econometrics – especially about my knowledge in Matlab. He told me that they had an issue with the pricing of options and they were looking for someone who could figure out the error and improve their automated pricing system. Obviously, they

received a lot of customer complaints. He also emphasized that one needs to do coding in C++. The reason for why I was invited to an interview was obviously that I highlighted in my CV that I learnt to price options using simulations models in Matlab. I learnt that skill in one of the advanced econometrics courses that I mentioned earlier. However, I told him that I am not familiar with programming in C++ but he had the opinion that “someone who is familiar with coding in Matlab can easily use C++ as well”. However, I was not sure about that because I never worked with C++. Obviously, he recognized my uncertainty about my ability to deal with this issue, and a couple of weeks later it turned out that I did not get that job.

Of course it was a setback for me because I had high hopes to get that summer job. Later on I understood, however, that it was already a big success that I was invited to the interview at all because most students, who apply, are probably not. Unsurprisingly, later I also got to know that these summer jobs offered by the large banks in Sweden were perceived as “the tickets” for trainee positions for students that finished their graduate studies. Luckily, Inquiry Financial Intelligence AB was also offering a fairly-paid summer job and I applied for that one as well. Since the guys who were running the company seemed to be pretty satisfied with my work, I got that summer job. That meant that I worked there full-time during the summer 2008. Then from autumn 2008 onwards, I continued working there part-time until February 2009. When I left the company, I received an extraordinary good testimonial from that company which I highly appreciated. I’d like to mention that there was another German guy who also applied for the same summer job at Inquiry Financial AB as I did. He started to work there a couple of months after I started. I did not have the perception that I did a better job than he did, but I got the summer job anyways. In competitive situations there is always a winner and a loser. And sometimes the selection criteria may seem like throwing a coin. That’s an issue that we all have to deal with. One cannot always win. I lost at SEB but won at Inquiry Financial AB. Even though I was happy that I got the summer job, I was at the same time a bit sad for the other German guy and therefore did not show off that I got that job. In these situations it may be wise to keep a low profile.

What can we learn from these experiences? First of all, it is important to have a professional social network of people that support you and want the best for you. This issue has already been discussed in an earlier chapter but its importance cannot be overstated. If I had not known Olaf, I would not have gotten the position for an internship at GFIgroup. Knowing the right people makes things in life considerably easier. Second, if you have the right skills at the right time, it is still possible to get an internship. The skills that the industry requires can be, however, (very) different from what you learnt at University. This is obviously even true for internships. The better you are prepared to meet the demands

of modern employers the better you are positioned in the job market. Even if I did not get the summer job at SEB in 2008, it was a light bulb moment for me as I had suddenly the awareness that I needed to learn much more skills – skills that I obviously did not learn at University.

Finally, we can also learn another thing from my experience that I was not aware of when I was a student. During the interview for the summer job at SEB I felt pretty confident. However, my confidence decreased immediately when I faced that I had no clue of C++ and the manager recognized my insecurity. I still remember that situation at SEB where the manager's attitude turned from being overly interested and friendly in a more defensive mode during the conversation. If I had communicated to him – in a convincing manner – that it would have been no big deal for me to implement the coding in C++, I probably had gotten that summer job. You have certainly heard about the saying "fake it until you make it". In certain situations it might make sense to fake your competence. And perhaps it's even okay because it appears to be reasonable to assume that everyone else is doing exactly the same thing. If you don't play the social game according to the rules that everyone else is committed to, the person who ends up outside the playing field will be most likely you. However, I will discuss this issue in a later chapter in more detail.

## 5. DOCTORAL STUDIES

*"In today's global economy, however, it is important to raise the bar of excellence even higher.*

*Today's students must be prepared to compete effectively on an international level."*

– Kenny Marchant

*"We need to internalize this idea of excellence.*

*Not many folks spend a lot of time trying to be excellent."*

– Barack Obama

In summer 2017 I went with three of my colleagues to a conference trip to València (Spain). It was the second time for me that I attended the INFINITI conference for international finance. Like the conference in Dublin (Ireland) in 2016, the conference in Valencia was well-organized by Professor Dr. Brian Lucey. The sun was shining every single day and after the conference we went in our leisure time to the beach, took some cappuccinos, took a sunbath, swam, took a couple of beers and played beach volleyball. It felt like a small vacation actually. Attending to the conferences is also something that I personally enjoy because you do not only meet new people but you learn about other peoples' research projects which sometimes leads to that you experience one of these light bulb moments where you all of a sudden come up with a new research idea or just understand some things better.

The conference took place at the University of València. It was the first time for me that I served as the Chair in one session where I presented one of my new papers and discussed the research paper from someone else. After each 90 min session, there was a 30 min break where the participants had some time for changing the room for attending another session, taking a cup of coffee or some small talks with colleagues. After one session I went to another building where the students' restaurant was located in order to grab an ice-cream. I saw a young woman who was somewhat in a rush and wanted to buy something there as well. I recognized her already earlier. She had light blond hair, an attractive permanent smile on her face, and moreover I recognized that she had the same accent that I have. I guess she was in her early 20ties. Of course I took the opportunity to start some small talk with her and it turned out that I was indeed right. She came from Germany and was in the middle of her doctoral studies. Usually people that you meet at those academic conferences are much older so I was surprised that such a young woman would attend to a finance conference. She was pretty much in a hurry and nervous because in the next session she was supposed to present her paper. I fully understood her concerns because it was the same for me a couple of years ago when I first attended a professional

conference. So I wished her the best of luck and thought for myself that we will surely meet again next the Gala-dinner which took place on the next day.

We stayed at the Hotel NH Ciudad de Valencia which was comfortably located in the city center of València. The breakfast was certainly high-quality, but as I'm used low-carb/low-fat breakfasts, I mostly enjoyed the coffee. Spanish breakfasts are simply very different from breakfasts served in Germany or Finland. I went also with my colleagues on sightseeing including plenty of coffees and ice-creams at different places. I also took the opportunity to buy a handbag for my 22 year old sister Anna-Larissa. The prices for clothes and handbags are ridiculously low in Spain compared to Finland. (On the way back to Finland, however, it was somewhat awkward to me to go with a woman's handbag through the airport because people in Finland are not used to that and I recognized the gazes of many people very well.) On the second day, we went a bit later to the conference by taxi. We attended some interesting sessions and I really enjoyed being among so many highly-educated people who shared their latest research ideas. Afterwards the conference participants went all together by busses to the Gala-dinner. The dinner was held at a large old building on the countryside. The conference organizers came up with a surprise and invited flamenco dancers, who gave a life-performance during the dinner. It was the first time for me that I saw this. As I expected, during the Gala-dinner I also saw the German girl in company of two young guys who seemed to be in their early 20ies as well. I went directly to them, introduced myself and asked them some questions related to their doctoral studies and future plans. It turned out that none of these three guys intended to stay in academia. This was indeed some surprising news for me! All of them had plans to work in the finance industry once they completed their studies.

In retrospective I found that many people in key positions that I met during the time I worked in the industry had a doctoral degree. As an example, when I worked at Klarna AB in Stockholm (Sweden), the Chief Analyst Mickael Bäckman held a Ph.D. in econometrics, whereas the Head of Credit, Julija Lebedinska held a Ph.D. in Mathematics. One of my acquaintances, who worked as Senior FX-Analyst at Nordea in Helsinki (Finland) told me that his boss held a Ph.D. in economics. When I was invited to an interview at EnterCard in Stockholm (Sweden), the Head of Credit Risk, who was one of the interviewers, held a Ph.D. in psychology. You may be surprised to see how many employees that especially work at Central Banks hold a doctoral degree. Perhaps 20 years ago it was rather uncommon for people with a doctoral degree to work in the industry, but this does not seem to be the case any longer. From my point of view, this development makes intuitively sense also. First of all, as the number of people that have a master's degree in something is increasing but if the number of vacancies is not, there is clearly an incentive to use a doctorate to be silhouetted against "the mass of masters". Second, a doctorate has

a certain signal, that is, you have acquired more knowledge than the crowd of people holding a master's degree. A higher level of knowledge means in the business world a higher level of competence. Imagine you are running a business and need an employee. Whom would you choose for the position? The truth is that you would pay the employee's salary and you want the highest return for the money (e.g., salary) that you invest. Since you don't know the return that you get, you form expectations. Naturally, you will expect the highest return for the guy whom you consider to be the most competent.

Unlike master's studies where the education system is organized in a very similar manner in Western countries, doctoral studies are to my mind rather idiosyncratic. To the best of my knowledge in countries such as Germany and Australia, for instance, getting a doctorate does not necessarily involve coursework, whereas coursework seems to be compulsory in the U.S. and the Nordic countries such as Sweden, Norway, Denmark and Finland. Therefore, it does not make too much sense to discuss how to successfully organize doctoral studies. The additional coursework in doctoral studies is from my point of view very useful, as you acquire more sophisticated skills than master-level educations typically provide. However, doctoral studies may take a few years and from my experience it makes often not much sense to delay finishing your studies. Again, my perception is that some people (e.g., doctoral students) deliberately choose to delay finishing things (e.g., their doctoral degree) – and here I actually don't mean only students that delay finishing their studies but some people in general tend to delay dealing with issues in their lives even though they know that they should deal with their issues.

As an example, one of my former acquaintances in Stockholm studied HR and Behavioral Science. When I got to know her she was 29 and almost ready with her studies. She also studied some courses in law. Even though she turned 30 the next year she was not very much interested in graduating. I actually do not know if she ever did. Her boyfriend, who was one of my friends (at that point in time), told me that it's better not to talk with her about the graduation because it would – as a “hot topic” – affect her mood negatively, and she would become easily defensive.

Other people complain about their jobs but don't quit and don't look for new jobs that could probably be more satisfying. Moreover, everybody has certainly some friend who complains about his or her partner, but anyways prefers to stay in an unhealthy relationship, instead of taking some assertive actions. It may be not surprising but all of those behaviors share a common component, and that's fear. Simply speaking, these people have fear of the unknown because they know what they have now, but they are not 100% certain about what they will get once they make some major changes in their lives. This may be closely related to the familiarity heuristic from the previous chapter. On the one hand, familiar conditions may make you feel comfortable, but as we pointed out in the first chapter, “there's

no hovering, sterile, future bridge that you can just glide across without any discomfort or challenge. Watch out for that comfort stuff, it will kill you!”

Since people who accomplish the doctorate are, on average, a few years older than the crowd of people that have a master's degree, it doesn't make much sense to delay your graduation. That's why I think that the faster you study the better you will be off afterwards. As final hint: Some doctoral students have problems to manage their coursework. It maybe not surprising but all of them have the same problem: They do not have the skills in econometrics that are necessary. Some manage to get themselves the corresponding knowledge by reading books, for instance, others do unfortunately not manage to do that. So again, if you target high there is no way around advanced courses in statistics/econometrics. Moreover, the longer the time gap between the graduate studies and the start of the doctoral studies, the more difficult it will be, simply because you might have forgotten some basic mathematics skills that are, however, essential to master your doctoral studies. Another issue may be that you get comfortable with your salary in the industry. As a doctoral student your income might drop considerable which might push you out of your comfort zone. The more comfortable you get with your salary (and your living conditions) the more difficult it will be to make some changes especially as you get older.



## 6. THE JOB INTERVIEW

*“Next time you’re faced with one of these high-pressure moments, imagine approaching it with confidence and excitement instead of doubt and dread. Imagine feeling energized and at ease while you’re there, liberated from your fears about how others might be judging you. And imagine leaving it without regret, satisfied that you did your best, regardless of the measureable outcome. No phantom to be chased; no spirit under the stairs.”*

– Dr. Amy Cuddy (Presence)

### 6.1. Setting up your CV

When I worked with Klarna AB in Stockholm, the stuff working in the HR department was obviously very busy with several recruitments every single day. The behaviors of the recruitment team revealed a high level of stress. For instance, when you spoke to some of them, their bodily movements were erratic, their pupils were large, they typically walked very fast through the building, and one of them had actually quite often a red face and tired-looking eyes. As the company was growing on a fast past, the demand for new employees was high. Moreover, due to permanent restructuring processes a great fraction of employees left and were substituted by new incoming employees that had the new skills that the employer required. The interview process itself is a high-pressure moment and as such cognitive demanding and taxing for the nervous system. This is not surprising as you want to present yourself at your personal best and therefore you pay 100% attention and control your behavior. I have been attending to ten interviews for interesting jobs in the industry and after most of them I was so tired that I went home and could immediately fall asleep. I had a similar experience when writing difficult exams where I was very eager to obtain the best possible grade. Paying 100% attention over a couple of hours enormously taxes the nervous system and depletes self-control. As a consequence, you need to rest.

However, before we discuss about getting invited to a job interview, we need to talk about your CV. First of all I want to highlight that you choose how to set up your CV. I do not want to discuss standard things here as you can find all this stuff probably on plenty of internet pages. In contrast I'd like to discuss what I call “fine-tuning your CV”. One of my friends has finished a master's degree in international business and management. In summer 2018 he finished even his second master's degree in applied positive psychology. He aims at working in HR or Leadership Coaching as this is what all his education is about. Unfortunately, he is worried about getting a job after he finished his second studies. For instance, he argues that he would have no working experience. However, the relevant jobs that are

of interest for him would all require working experience. I am pretty surprised about hearing his concerns. So we had some serious discussion that turned out to be a light bulb moment for him. I remembered that he worked as Sales Coach at a large telecommunication company in Finland before he started his master's studies. He worked in this position for about one and a half years. This tells me he has round about two years of relevant working experience. I suggested him that he should emphasize exactly this period in his CV. He should highlight everything that he did that could be somehow associated with "Human Resources or Leadership Coaching". Do not get it wrong here: Fine-tuning your CV is not about telling lies. It's about highlighting and somewhat inflating those experiences in your CV that could be relevant for the position that you would like to apply for. Inflating means in this context simply to change your perception.

Another issue that somehow surprised me was to recognize that the he was somewhat concerned about that fact that he is probably older than other applicants. I told him, however, that he has most likely acquired a higher level of competence than other candidates because not many people do actually have two master's degrees in two different fields of science. If you have this level of competence your date of birth or place of birth is probably of minor importance. It is also worth noting that if you take some time for screening the internet to some check CVs from people that have a doctoral degree, you will most likely not find so many people that explicitly state their date or place of birth. Why is that? Well, it's because what really matters for them is the list of scientific publications. Scientific publications, in turn, are used as proxy for assessing someone's competence in the academic society.

Moreover, nowadays recruiters are not allowed to discriminate either. There are even laws that regulate such issues. Actually, no one needs to mention the date of birth any longer when applying for a job. No one needs to send a picture either. The interviewer is also not allowed to ask questions about your relationship status or whether or not you are pregnant. Therefore, I suggested him not to state his date of birth in his CV. It's as simple as that. Even if it's possible that recruiters may google and get the information that they want to have anyways, every information that you either provide or intentionally do not provide serves as a signal and you need to be aware of this issue. If others state their date of birth and you don't then the recruiter might get the signal "do better not make your decision based upon the candidate's age".

Even the place where you live serves as a signal for the recruiter. Imagine you somehow managed to get yourself a master's degree with a good grade and live in the slums. Another candidate accomplishes also a master's degree with the same grade as you, but he or she lives in the most

expensive district in town. Let's assume you have the same age, the same abilities, etc. What do you think whom will the recruiter prefer for the job? Let's face it, people think in stereotypes and I discussed this issue in an earlier chapter already. The guy who has his main residence in the slums will be perceived a potential threat in the sense that he "does not fit in" because "he is not one of the group". I do not want to elaborate on this issue further, but I hope that the message is clear: You need to think carefully what information you provide in your CV and what you do not provide. It's not a lie if you don't tell everything, right? People hide some information by control their (facial) impressions that they make on others all the time. If you want to achieve your goal you need to take goal-congruent actions as well. Your CV needs to be fine-tuned in a way that it matches the requirements for that specific job as good as possible, given your competencies. In the end of the day, it's not all about what you have done, but how you sell what you have done to the recruiters in the best possible manner so that they have the perception that you are a proper candidate for that job. It's all about perceptions and not only facts because humans are not only social beings but emotional beings also.

## 6.2. Your signature strengths and personality type

Have you ever thought about what are your characteristic strengths? What is a strength anyhow? And why can it be important to know about your own strength profile? Professor Dr. Martin Seligman defines a strength as trait or "psychological characteristic that can be seen across different situations and over time." He also emphasizes that "a strength is valued in its own right. Strengths often produce good consequences. Leadership well exercised for example, usually produces prestige, promotions, and raises. Although strengths and virtues do produce such desirable outcomes, we value a strength for its own sake, even in the absence of obvious beneficial outcomes."<sup>73</sup>

He also argues that an individual that exercises his or her signature strength experience authentic positive emotions such as pride, satisfaction, joy, fulfillment, or harmony.<sup>74</sup> He identifies 24 different signature strengths that can be subsumed into six different virtues:<sup>75</sup>

- A) Wisdom and knowledge: 1) Curiosity/Interest in the world, 2) Love of learning, 3) Judgement/Critical thinking/Open-mindedness, 4) Ingenuity/Originality/Practical

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<sup>73</sup> Seligman (2002), p.137.

<sup>74</sup> Ibid., p.138.

<sup>75</sup> Ibid., p.140-160.

Intelligence/Street smarts, 5) Social Intelligence/Personal Intelligence/Emotional Intelligence, 6) Perspective.

B) Courage: 7) Valor and bravery, 8) Perseverance/Industry/Diligence, 9) Integrity/Genuineness/Honesty.

C) Humanity and love: 10) Kindness and generosity, 11) Loving and allowing oneself to be loved,

D) Justice: 12) Citizenship/Duty/Teamwork/Loyalty, 13) Fairness and equity, 14) Leadership.

E) Temperance: 15) Self-control, 16) Prudence/Discretion/Caution, 17) Humility and modesty.

F) Transcendence: 18) Appreciation of beauty and excellence, 19) Gratitude, 20)

Hope/Optimism/Future-Mindedness, 21) Spirituality/Sense of purpose/Faith/Religiousness, 22) Forgiveness and mercy, 23) Playfulness and humor, 24) Zest/Passion/Enthusiasm.

In the internet on the webpage [www.viacharacter.org/www/Character-Strengths](http://www.viacharacter.org/www/Character-Strengths) you can take an online-test to identify your individual signature strengths which may increase your level of self-awareness at the same time. The top-five strengths that this online-test assesses are those where you have the highest score. They are typically referred to as your signature strengths. The key point in this current subchapter is not only to increase your self-awareness, but to recognize that every job requires a certain specific profile of strengths.

Obviously, working in sales requires Social Intelligence as core strength (e.g., strength no. 5) because you need to “read your customers” in order to convince them that you sell them exactly what they demands, respectively, “need”. On the other hand, when you’re working as a fireman you definitely need valor and bravery as core strengths (e.g., strength no. 7) – there is no way around that. At some stage of the recruitment process, it is very likely that the recruiter will test your signature strengths. It could be asked from you to fill in some online-questionnaire, alternatively the recruiter could give you some papers to fill in during, before or after the job interview, or the recruiter could simply ask you some specific questions to figure out your signature strength during the interview. Doing so helps the recruiter to assess whether your signature strengths would actually match with the strength profile required for that specific job.

Once you have a guess which strength profile is required for the job you want, you have the possibility to learn how to provide the answers that the recruiter would expect from you. If your answers are provided in an authentic manner and hence your real signature strengths match with the required ones, you will be probably happy in your work life. In contrast, if your answers are inauthentic implying that your real signature strengths are faked, it is of course possible that you still get the job, but you will perhaps not be as happy as someone who has the ability to really engage with his or her job.

Recall from previous chapter that the “flow experience” requires, among other things, to have deep, effortless involvement, which means that you are engaged with your task at work. A mismatching signature strengths profile would be an obvious interference to fully experience work engagement.

The same issue that we discussed for signature strengths can be applied to personalities also. During the recruitment process, it is very likely that you might be supposed to take some kind of personality test (and the usage of such tests is very likely to increase over time). And this makes sense from an employer’s perspective: Think about a situation where you are running a company and you know by your experience that certain personality traits do not fit to the position that you have to offer. Why would you employ anyone, who does not exhibit the personality traits that are required to deliver the highest possible output in that job? From an employer’s perspective it would be a waste of time and in particular you would lose money if you employed someone whose personality doesn’t fit to that job position. As a practical example, the well-known Myers-Briggs Type Indicator is often used to assess personality types and discriminates between 16 different types. The test is based on the theory of psychological types as proposed by Professor Dr. Carl Gustav Jung.<sup>76</sup> The key of Myers Briggs theory are four dimensions of preferences.

- 1) The first dimension identifies where you focus your attention: Are you preferably paying attention to people and things (Extraversion or “E”), or ideas and information (Introversion or “I”)?
- 2) The second dimension identifies the preferred way you take in information: Do you interpret information based on facts and reality (Sensing or “S”), or possibilities and potential (Intuition or “N”)?
- 3) The third dimension identifies how you make decisions: Do you preferably make decisions based on logic and truth (Thinking or “T”), or values and relationships (Feeling or “F”)?
- 4) The final dimension identifies how you deal with the world: Do you prefer a lifestyle that is well-structured (Judgment or “J”), or one that goes with the flow (Perception or “P”)?

According to Myers Briggs theory, for each pair an individual typically prefers one style more than the other. You can do the test in the internet on different webpages, such as [www.16personalities.com](http://www.16personalities.com) or [www.truity.com/test/type-finder-research-edition](http://www.truity.com/test/type-finder-research-edition). For instance, if you do the test and your personality type would be ENTJ, then you would perhaps get the following summary of your profile:

Your energy style is *Extraversion* (in contrast with *Introversion*). This dimension describes how you manage your energy. Extraverts are energized by interacting and engaging with other people. They

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<sup>76</sup> Jung, C.G. (1921), *Psychological Types*, (London: Routledge, 1971), p.405.

approach the outside world enthusiastically and look for opportunities to experience the thrills and excitement of life. They enjoy: Interacting with people, being in busy surroundings, engaging with the outside world, expressing thoughts and feelings, being noticed by others, stimulation and activity.

Your cognitive style is *Intuition* (in contrast with *Sensing*). This dimension describes how you process information. Intuitives process information in an abstract, imaginative way. They focus on ideas and concepts that cannot be directly observed. They like to focus on: Observing patterns and connections, interpreting meaning, imagining potential, ideas and concepts, innovation and creativity, possibilities for the future.

Your values style is *Thinking* (in contrast with *Feeling*). This dimension describes your orientation to personal values. Thinkers value logic, competence, and objectivity. They believe that every person has a responsibility to take care of him or herself. They are concerned with: Using logical reasoning, being unbiased and impartial, considering costs and benefits, seeking consistency and justice, keeping a competitive edge, making objective decisions.

Your self-management style is *Judging* (in contrast with *Perceiving*). This dimension describes how you organize your life. Judgers like structure and order. They keep organized and plan ahead, resist distractions, and stay focused on their goals. They prefer to: Create a plan and stick to it, see a task through to completion, adhere to a schedule, set goals and maintain focus, follow rules and regulations, set clear expectations.

Finally, ENTJs are strategic leaders, motivated to organize change. They are quick to see inefficiency and conceptualize new solutions, and enjoy developing long-range plans to accomplish their vision. They excel at logical reasoning and are usually articulate and quick-witted. ENTJs are analytical and objective, and like bringing order to the world around them. When there are flaws in a system, the ENTJ sees them, and enjoys the process of discovering and implementing a better way. ENTJs are assertive and enjoy taking charge; they see their role as that of leader and manager, organizing people and processes to achieve their goals.

Again, every job matches with a different personality type. For instance, if your personality type is ENTJ and you apply for a job as a call-center agent your individual personality type might simply not match with the type required for that job-specific profile. Therefore, the recruiter might be interested in exploring this issue at some point during the interview process. It is also noteworthy that even if personality type tests could be faked in the sense that one can simply learn to provide the potentially correct answers that match a certain profile for a certain required combination, it is difficult to fake it in real life, provided one is not a professional Hollywood actor. Think about someone who is highly extroverted and therefore enjoys being among many – potentially even new – people: She is more likely to be in an approaching mode most of the time in social settings where many people gather together.

On the other hand, an introvert will not enjoy social settings in the same manner like an extrovert and, as a consequence, she is more likely to display more avoidance behaviors. Which personality trait do you think should a teacher have who deals with people most of the time? Which personality trait do you think should a programmer have who deals with writing new computer programs most of the time?

### 6.3. Job interview situations and questions

According to my own experience, job interviews are pretty idiosyncratic. Sometimes certain increments of interviews reoccur but perhaps half of the content is different. Every job interview that I have been attending to was an interesting experience in itself. Since I had no real guidance, I was supposed to learn by accumulating my own experiences in terms of successes and failures. On the contrary, you will have a competitive advantage by learning from my experiences as you have the possibility to avoid falling into some of the traps. In what follows, I will document some of my own interesting experiences, discuss the outcomes, and talk about what to learn from it.

In summer 2008 I was almost ready with my graduate studies and started to look for jobs. However, I'd also like to emphasize that I had not started with my graduate thesis project yet at this point in time, but my coursework was almost completed. From my point of view, the finance industry seemed to be most interesting in terms of both expected salary and expected working tasks. Unfortunately the timing was extraordinary bad: The years 2008 – 2009 was a period where financial institutions world-wide were under enormous pressure. For instance, on September 15, 2008, the giant U.S. investment bank Lehman Brothers filed for bankruptcy. In the wake of the Lehman Brothers disaster, it turned out that many other large financial institutions had severe troubles as well: October 2008, the three largest banks in Iceland, Kaupthing Bank, Landsbanki, and Glitnir Bank had defaulted on \$62 billion of foreign debt and were nationalized. In Germany, the second largest bank, Commerzbank, ran into liquidity problems and, as a consequence, the federal government in Berlin took a 25-percent share in the troubled financial institution. In Sweden, Swedbank, which is among the largest banks in Sweden, had severe liquidity problems and received guarantees from the Swedish government. As a consequence, instead of expanding their businesses and offering new positions, financial institutions world-wide were contracting and cut-off stuff in order to save costs (and in order to survive). The timing for looking for jobs in the finance industry was perhaps the worst case scenario ever seen in human history.

As it seemed to be mission impossible to get a position at a bank, I decided to apply for other jobs that were somehow related to what I'd have liked to do and where I could have used my skills as

well. Hence, I applied for a job as portfolio manager at Norsk Hydro AS in Oslo (Norway). I was invited for an interview and to participate in an assessment center. This was the first time for me that I got to know what an assessment center is all about. The company paid everything, the flight tickets from Stockholm to Oslo and back to Stockholm, one night at a hotel, taxi transportation from the airport to the hotel and back again, one night at a very nice hotel which was located in the city center of Oslo, and the costs for transportation to the assessment center. Overall, the company paid round about EUR 500 for me.<sup>77</sup> And I was not the only guy that was invited for the assessment center. There were probably a hundred people attending. I was surprised to see so many people gathered together.

The assessment center took a whole 7.5 hours working day and everyone had a tight time schedule. I had different sessions where I was sitting in classes of about 20 people where we were supposed to perform many different tests. Each session did not take longer than 90 minutes. While I had expected some types of personality tests or IQ tests, there were also other tests. For instance, there was one session where we were supposed to imagine that we already were working at the company and got a description of a whole battery of fictive incidents that happened at the factory. Then we were supposed to schedule two weeks ahead or so of when and how we would deal with each of those issues. I had certainly not expected this kind of task.

Since I communicated in my CV that I am fluent in Swedish, the personal interview session was partly in Norwegian. Obviously, as Swedish and Norwegian languages are related to each other, Norwegians expect Swedish speaking people to understand Norwegian as well. Apart from standard questions such as “tell me about you CV”, I also got questions where the purpose was not that obvious to me. For instance, one question was: “Tell me about a situation where you felt proud about yourself. It can be anything.” My recommendation is, whenever you get this kind of question, tell the interviewer about something job-related such as: “When I had the course XY at the University it appeared to be very difficult to me. It was simply not one of my strengths. Even though it was difficult to me, I put in a lot effort and learnt 16 hours per day for the exam over a two week-period. As expected, the exam was extraordinary difficult but I managed pretty well. When the exam results were published and I saw that I passed the exam and managed even to be among the top 20% I felt proud of myself. Hard work really pays off.” I am sure that this is a sort of standard answer that the interviewer would like to hear: You have an obstacle, you believe in yourself, you put in extraordinary effort and finally you make it. You can imagine that this two-day trip to Oslo was pretty demanding and I met many like-minded young people

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<sup>77</sup> EUR 500 corresponded at that point in time roughly to a one-month money equivalent that I received as transfer payment to finance my studies.



that had a background in finance and obviously came up with the same idea that I did. Moreover, I found that Norwegians are very polite – pretty much like Swedes.

In early 2009, after I graduated from the University of Kiel, I was invited to an interview at SEB which is one of the largest Swedish banks and to the best of my knowledge the only Swedish bank that was running some business in Germany as well. As it appeared to be very difficult to get a job in the finance industry, I was surprised about the invitation for a job interview. The job-recruitment process was undertaken from an external agency that suggested top-candidates for different trainee positions at SEB. I applied for a trainee position related to corporate finance even though I had no experience in corporate finance at all (apart from one undergraduate-level course that was even compulsory for any kind of business—related studies at the University of Kiel). The trainee position that I applied for was located in Frankfurt (Germany). At this point in time, I was temporary back in Germany and lived in a small town close to Hamburg. In contrast to Norsk Hydro, SEB did not pay airplane tickets, but train tickets and one night at a hotel. I had some phone calls with the recruiter that was responsible for suggesting relevant candidates for the job interviews at SEB. I had the perception that she was overly excited and empathic on asserting that I was one of those candidates. I was indeed surprised about her high level of excitement and I could recognize that via phone call already. The recruiter also told me that my skills in econometrics were highly appreciated. That was interesting news and confirmed Professor Dr. Herwartz who told us students that it is econometrics that really matters for real life work.

It took several hours to go by train from Hamburg to Frankfurt. It was the second time that I was in Frankfurt which is the heart of the banking industry in Europe. The town is big and grey and I did not get the feeling that people in general were very friendly over there. In contrast, I rather got the feeling that the people were pretty stressed and seemed to be permanently in a rush. Who knows, perhaps that's the spirit of the town or as an alternative it could have been just "my own biased perception". The night between the day I arrived in Frankfurt and the day of the interview I took a long and hot bath which was pretty relaxing. I tried the best to relax and calm down because the day after I was supposed to concentrate 100%. Unfortunately, I was somewhat too nervous and could hardly sleep at all. Anyways, on the next day I put on my clothes: A dark suite, a white shirt and a red tie. That's the archetype of clothing styles in the banking industry.

In what follows, I will provide two descriptions of what had happened and what we can learn from it, and here is the first version: Briefly before the interview started, the recruiter came to me with a huge smile on her face, and I had the perception that she was now even more excited. It was the first (and last) time that we met in real life. It was almost a bit embarrassing to me, as I had the perception

that I'm the rock star in the interview process. The problem was just that I did not feel like being a rock star. When it was my turn to enter in the room where the interview took place, she opened the door and announced me with a huge welcoming gesture. There were two managers from SEB who were interviewing me and in the background there were sitting a couple of more recruiters that were probably affiliated with that external recruitment company. The manager on the left hand side on the table was in his mid 50ties. He was tall, slim and had blond hair. The manager on the right hand side on table was about ten years younger and a little shorter than the other guy and had short brown hair.

I had the perception that the manager on the left hand side had a lot of respect to me. His questions and bodylanguage gave me that impression. His questions were cautious and I recognized that he was impressed that I published a book dealing with the flight of my grandmother and her family in World War II when the Russian army attacked Germany. During the interview session, he told me that his relatives shared the same type of experience.<sup>78</sup> However, I perceived the other manager as behaving in a more dominant manner. I perceived him as being more impulsive and he asked clearly the most questions during the session. Like in previous interviews, I was supposed to tell about my CV and to explain why I decided to do this and that. He asked me also the following question: "Why should we choose you for the position?" As I knew already from the recruiter that they appreciated my education in econometrics, I played the econometrics-card and answered simply: "Well, just have a look on my degree. No one else has my skills. I am the best in econometrics." Both guys looked down and nodded their heads. After a moment of silence, the dark-haired manager asked me also the question: "Where do you see yourself in five years from now?" That was a tricky question. Since the position was a trainee program, I replied that my manager might probably have after some time an idea about it and let me know in which areas my skills can be employed in a manner where I can contribute the most to the company. I left the interview and had actually a pretty good feeling about it.

I already prepared mentally for my move to Frankfurt and after a week I finally got a reply: I did not get the job. I was surprised and disappointed at the same time, but decided anyways to call the recruiter to ask what had been the reason for that decision and how I could improve. Sometimes you have a guess of what went wrong but this time I really had no idea. When the recruiter took my call, she was not that excited any more but her voice sounded rather disappointed as well. First she hesitated in telling me what had been the reason for that decision by simply saying "I don't know", but I was stubborn and argued that the managers must have communicated something. After some seconds of

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<sup>78</sup> Recall from the previous chapter that people prefer people from their own groups. Shared experiences result in the perception that you belong to the same group of people.

silence, she suddenly opened up and told me the truth (at least it might have been the partial truth): “Well, the managers expected from a 30 year old guy that he would have had some precise plans in his hands where he wants to be in five years. It’s a difference if you’re 25 or 30, right?” I had nothing to come up against this statement. Since I was disappointed at that point in time, the timing was anyways not good to reflect upon that experience, but after all I guess I have to admit that the managers were right. A 30 year old guy should exactly know where he will be in five years. This has also something to do with confidence and I guess the managers who were running the interview at SEB were somewhat confused about my behavior in the interview because on the one hand I displayed overconfidence in telling them “you know what? I am the best here” but at the same time I communicated “I don’t know where to go”.

After receiving the knock-out news I talked with my friend Stefan about it and he told me that he faced a similar situation in a job interview where the interviewer would ask him where he saw himself in about five years ahead. I always considered Stefan being a smart guy. So I asked him, how should one answer in that situation? He said that it’d a good thing to be able to be playful as well. In the end of the day, all of us are just humans and most people – even in the finance industry – like people who have some sense of humor. Of course, Stefan could not tell me what would be the best answer but he told me his own answer: “In five years I will sit exactly there where you are sitting now.” While saying this, he emphasized, that he intentionally put a big smile on his face to communicate that it was not meant too serious. Stefan’s statement was certainly pretty cocky but he moderated it by putting a big smile on his face. In contrast, if he had put a smug smile on his face instead – or even worse a smirk – it would have even accelerated the level of cockiness. There is a dynamic interplay between what you say and how you say it. There is a fine line between a high-level of self-confidence and cockiness. Unlike me, Stefan got his job which indicated obviously that his tactics were probably better than mine. Another interesting thing that Stefan recommended was to ask the interviewer questions. Asking questions shows both interest and confidence. Note also that the one who asks the questions is “the one who leads the conversation”.

And now, I’d like to give you a second version of the interview session at SEB: First of all, what I perceived as “the recruiter’s excitement” was nothing else than a simple intervention to create a welcoming atmosphere for the candidates. Knowing that the job interview situation is a high-pressure moment, the recruiter’s intervention had the single purpose to make the interviewed candidates less anxious. Second, and as a consequence of the former, I was not the top-candidate in the interview sessions. Most likely, all candidates that were invited to the interview had similar competencies and the

interview itself was just the final selection criteria. Finally, my self-inflated statement “no one else has my skills” and “I am the best in econometrics” were too cocky, and that’s why the managers looked down while nodding their heads. In retrospective, I’m sure that this might had been the turning point in that job interview situation. It’s not a wise move to self-inflate, in particular not when you’re not in the right position to do so. There are always people who are better than you at something, and having this self-awareness shows maturity, and its maturity that people respect - not self-inflation. So, what’s the take away here? First of all, your (subjective) perception of social interactions can be very misleading. Second, you know the saying in the bible “Pride Comes Before the Fall”<sup>79</sup>: Being confident about what you can do is a good thing, but exaggerated confidence, respectively, self-inflation is certainly not.

Furthermore, in Summer 2009, I attended to two more job interviews for Analyst positions at Vattenfall Energy Trading GmbH which is a daughter company of the large Swedish Energy producer Vattenfall AB, and Stadtwerke Flensburg GmbH which is a local energy provider in Northern Germany. The interview Vattenfall Energy Trading at was held in Hamburg (Germany) and was another pretty interesting experience from what we can learn something. In the interview session there were three people sitting on a large table. The Head of Trading, who was a guy that was about 30 years old with a background in finance, a team leader, and someone from the HR department. The Head of Trading had a leg injury and therefore used a crutch with one arm. The walk from the waiting room where he picked me up to the room where the interview was held went through the trading floor and took some time because of his injury. He seemed to be kind and polite. During the interview, it was he who asked questions most of the time. Unsurprisingly, I got to know that my skills in econometrics were of major interest for that job. He also told me that the base salary was EUR 60,000 plus bonus. Note that the average income (before tax) was EUR 37,692 in Germany in 2009. The bonus payment depends on how much money I would have made by trading energy futures, respectively, other energy-related derivatives. A junior position meant you got EUR 5,000,000 for trading and then you are supposed to make 100% profits within a year of trading. The bonus is a question of negotiation but may typically start around 5%. The more profits you make the higher the percentage you can claim.

After getting some standard questions such as “tell me about your CV”, the team leader had some questions as well.<sup>80</sup> I recognized that on his label it said “doctor” so I was wondering in which field

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<sup>79</sup> Proverbs 16:18.

<sup>80</sup> Other standard interview questions are: How would your friends describe you? How would you describe yourself in three words? Why did you apply for that specific job? What are your greatest strengths? What are your weaknesses? Why should we hire you? Describe a difficult situation at work and how you managed to overcome it. What are your goals for the future? What salary do you expect? Why are you leaving or have left your job?

of science he'd have a doctorate and got to know that he held a doctorate in physics. I was pretty surprised because I would have bet that he is not older than 26. How is it possible to be as young as that guy and having a doctorate in physics? Unbelievable. He was probably extraordinary smart. During the interview he started talking about my Matlab skills and asked me to write down the formula for the OLS (Ordinary-Least-Squares) estimator in Matlab. I was really surprised about that question and I can tell that it was the first time that someone asked me this kind of question in a job interview. I thought for myself that he should actually have known that my skills in econometrics are much more advanced because OLS is something that you learn during the first couple of lectures in econometrics, so why bothering with that anyways? But well, I took the pen that he provided and a piece of paper from the table, defined the matrix  $X$  as the regressor matrix and  $y$  as a vector denoting the dependent variable and wrote  $b = (X'X)^{-1}X'y$  where  $b$  is the estimated parameter vector. He just nodded to give me approval and then took back his pen. Still, I was not really getting what was actually going on there. Then he had another question: "What is your opinion about the efficient market hypothesis?" Again, I was wondering why would he ask that question? Obviously, there are two possible answers: Either you argue that statistically the market is a random walk and therefore the market is efficient or you argue that there are well-established predictable patterns in financial markets and therefore the market is not efficient. I chose the first possibility and provided the answer with a slight smile on my face. The team leader put also a slight smile on his face and said that he respects people that have strong opinions and did not ask any more questions and actually left some minutes afterwards the room. The interview ended with the woman from the HR department testing my English skills by starting a small talk in English.

On the way back to the waiting room where the exit was located, the Head of department showed me the trading floor and he was still kind and friendly. Even though I was still confused about the questions from the team leader, whom I saw sitting there among other guys on the trading floor while we walked by there, I had a positive expectancy about the interview's outcome. However, it turned out that I did not get that job either. After reflecting back and forth, it might be clear what has been the problem in that interview, right? If you apply for a job in trading stocks, energy futures, options, swaps, etcetera, and you have the opinion that the market is efficient then obviously that's the wrong job for you. As a consequence, due to my confusion, I provided exactly the wrong answer to the team leader. That could have been also the reason for why the guy left earlier than the others.

The job interview at the Stadtwerke Flensburg was relatively smooth without any strange moments. Unsurprisingly, the interviewer who served as the Head of department was mostly interested

in my econometrics skills. He told me that the Analyst position is a new position that the company launched to strengthen their business. At this point in time, I got already a job as a teacher at a vocational school in Hamburg and I already made up my mind that I would move to Hamburg after the summer. The guy seemed to be very interested in my skills but I was not so interested in that job. When he asked me what salary I would expect I answered him that EUR 60,000 per year would seem reasonable to me. I knew that this was probably much more than they would offer me but I wasn't so much interested in the job at that company anyways. However, if they really had offered me that salary then I would have most likely taken the job. So it's a good thing to be assertive and not to sell yourself below your value, but if you really want to have that job, I guess it's wiser that one doesn't stretch this too much.

In summer 2010 I was starting to work at Klarna AB and before that as well as a couple of years afterwards I had some other interesting interviews at Handelsbanken AB (Stockholm, Sweden), Central Bank (Stockholm, Sweden), and EnterCard (Stockholm, Sweden), for instance. However, during those interviews no extraordinary or new things happened. Therefore, I'd like to add to my experience discussed above some other general issues. First, often if you are invited to a job interview, it is very likely that you do not have only one single interview session but two or even three interviews on the same day which could also include a skype interview at the company, for instance, if the company has different branches and the headquarter is located in another city of abroad. Second, if you have the right personal contacts, it makes life considerably easier as you might be even invited to job interviews that are not even publically advertised. There are some financial institutions in Sweden, that mostly allocate jobs internally which makes it mission impossible to get a foot in the door – unless you're friend or at least good acquainted with someone in the inner circle. (And this is certainly true for other countries as well. It's not a Swedish-specific issue.) Finally, on social media (Instagram) a post captured my attention that said "You can't be overdressed or overeducated". Looking back on my own experience, this is maybe true most of the time but certainly not always. However, if you target a job at a Central Bank, it's perhaps even necessary to have a doctorate. Moreover, the entrance salaries at Central Banks are usually very attractive and the salary-to-work ratio might be even better than it is in the private banking industry.

#### 6.4. What is your bodylanguage communicating?

The information that I provide in this chapter is something that I have not thought about when I was preparing for my interviews and it might provide you some light bulb moments that can change your life. I am sure that even most recruiters who studied management science are not aware of that. Therefore, you might have an enormous competitive advantage. Let's face it, all of us are humans and the truth is that humans are physical beings. That is also the reason for why you are invited to interviews because your body will tell something. Even if you have not studied the psychology of non-verbal communication most of you might have experienced something like a gut feeling after you met a new person, right? In his International Bestseller "What Every Body is Saying", former FBI agent Joe Navarro highlights that

nonverbal communication can also reveal a person's true thoughts, feelings, and intentions. For this reason, nonverbal behaviors are sometimes referred to as *tells* (they tell us about the person's true state of mind.) Because people are not always aware they are communicating nonverbally, body language is often more honest than an individual's verbal pronouncements, which are consciously crafted to accomplish the speakers objectives.<sup>81</sup>

In the previous chapter we discussed Stefan's cocky statement during in his job interview and the way how he used non-verbal communication to extenuate the seriousness of it by putting a big smile in his face. Therefore, in that case his statement was perhaps rather perceived as playful and confident than cocky and arrogant. Imagine you are a recruiter and have four final candidates for a specific job and they exhibit basically the same level of competence in terms of degrees, average grades and practical work experience. Who of those candidates should get the job? Let's also assume that the recruiters know that the average grades are only a rough guidance of the true competence (because due to the human factor there can be some errors in the grading) which hardens the assumption that the performance of the candidates in their studies is indistinguishable.

Therefore, the recruiters invite potential candidates to interviews to get an idea about them and this idea is based on the impression that they will get during the interview. The key factor in this impression is obviously based on the candidates' body languages. This should also be intuitively clear because the recruiter has already read the candidates' CVs and checked their degrees and coursework. I was not aware of that and I guess most people are not aware of that either. When you are already invited to an interview – and this is my personal opinion – it is reasonable to assume that there is no

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<sup>81</sup> Navarro (2008), p.4.

other candidate that has a better CV than you have. That's the good news. The last thing that one has to do in this situation is to think about what body language is accurate?

To answer this question, I will refer to Professor Dr. Jessica Tracy, who is Professor of Psychology at the University of British Columbia (Canada) and among the world's leading researchers in exploring the self-conscious emotions pride and shame. In her book *Take Pride*, where she basically summarizes her research on pride, she describes among others a conducted research where recruiters were supposed to select candidates for a job. One candidate had a good CV and was supposed to display more frequently non-verbal expressions of shame, whereas the other candidate had a rather poor CV but was instead supposed to display more frequently non-verbal expression of pride. The recruiters did not know about the manipulation (which is common practice in research in psychological science). So what do you think who was chosen for the job? Professor Dr. Jessica Tracy documents that the recruiters

chose to hire the candidate who displayed pride more often than they chose the candidate who displayed shame, regardless of the quality of his or her résumé. Displaying pride in the interview was powerful enough to override the impact of a pretty terrible résumé, and an impressive résumé couldn't overcome the negative effects of displaying shame. And, lest you suspect that this result might be due to participants quickly glossing over the résumés, when we asked them to judge which candidate was more intelligent, their choice was clear, and it had nothing to do with the candidates' emotion expressions.<sup>82</sup>

That's surprising news, right? What are pride expressions actually? Well, pride expressions, dominance displays and power poses describe basically all the same behaviors. They're basically synonyms.<sup>83</sup> How is someone behaving who is proud of himself or herself? We all know it from watching sports if someone scores in a soccer game: the player raises his arms to the V-pose. (For educative purpose I strongly recommend watching the TED Talk from Professor Dr. Amy Cuddy on youtube.<sup>84</sup> Even if her research results about the increase in testosterone after two minutes of power poses is highly controversial, her speech is very interesting and might give you some new insights concerning body language. Moreover, Professor Dr. Amy Cuddy's TED Talk is among the most popular TED Talks of all times.) What do pride expressions, respectively, dominance displays communicate non-verbally? Professor Dr. Jordan Peterson discusses in one of his lectures a situation where someone who is educated in martial arts meets a bully and argues that "showing confidence ... is very much equivalent to showing dominance."<sup>85</sup> It is likely that

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<sup>82</sup> Tracy (2016), p.110.

<sup>83</sup> Ibid., p.188-189.

<sup>84</sup> See [www.youtube.com/watch?v=Ks-\\_Mh1QhMc](http://www.youtube.com/watch?v=Ks-_Mh1QhMc).

<sup>85</sup> See [www.youtube.com/watch?v=fesSvXKxYd0](http://www.youtube.com/watch?v=fesSvXKxYd0).



the martial arts professional does not need to fight in this situation because his confidence, respectively, dominance display is sufficient enough to keep that bully at a bay. If the reverse conclusion is true, then non-verbal displays of dominance obviously communicate confidence. In the same manner as the martial arts professional displays confidence, as he believes that his skills are sufficient to successfully deal with that situation, confidence displays in an interview situation tell the interviewer(s) that the interviewee believes that he has enough competence to deal with that job.

How do you successfully behave in a confident manner in a job interview situation? Confidence and dominance are obviously closely related concepts. Let us first consider a person that is not confident. A person that is judged as not confident behaves in a submissive manner. Humans display submissive behaviors in situations that they perceive as threats. Emotionally, this state is associated with high levels of stress, respectively, anxiety. Physiologically, this state is associated with high levels of cortisol which is the stress hormone. In emergency situations, the body produces a lot of cortisol and the flight response kicks in. Cognitively, a high level of stress diminishes your attention and on its peaks people typically experience what they later recall as a “black out” – a situation where an individual’s cognitive abilities are at the bottom. In general terms, Joe Navarro identifies behaviors that involve high level of stress as discomfort behaviors.<sup>86</sup> In a job interview these behaviors might include:

- Speaking fast and at high pitch
- Sitting with your legs interlocked under the chair
- Hand-wringing or interlaced fingers followed by occasional erratic gestures with your hands
- Permanent big smile followed by occasional giggling
- Eye blocking (closing eyes, rubbing eyes, etc.)
- Leaning away
- Pacifying behaviors (leg cleansing, stroking your face, touching your head/neck/shoulder/etc.)

An individual displays confidence by using a body language that expresses according to Professor Dr. Jessica Tracy pride. Obviously, if you go in the V-pose to an interview the interview might not take longer than 30 seconds until you are thrown out, so moderation is the key point here. As (mentally healthy) people typically do not like aggressive behaviors, it is obviously a non-aggressive type of dominance displays that is required in job interview situations. Professor Dr. Amy Cuddy highlights that “...adopting big power poses *during* social interactions often backfires: it’s not only strange, it also makes people uncomfortable. Imagine meeting someone for the first time as they stand in the victory

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<sup>86</sup> Navarro (2008), p.15.

pose or sit with their feet on a table and arms akimbo. Now imagine a job candidate doing that while you're interviewing her ..."<sup>87</sup> I find that the secret to success is not to display "big power poses" but something that I would like to refer to as "small power poses" which may incorporate the following behaviors:

- Speaking slowly and at low pitch
- Men are sitting in "American-Figure-Four" and women with crossed legs
- One arm rests on the knee of the leg that is crossed while the other arm is akimbo
- Mona-Lisa smile
- Leaning slightly forward
- Absence of any pacifying behaviors

That's the default posture because most likely you are sitting and not standing during the interview. Next, when you are speaking it is an advantage to gesticulate with your hands while you explain things. In doing so, you need to keep your palms open in the TruthPlane. Do you remember the "Magic Ball" from the chapter dealing with presentation skills? That's the secret that in my opinion should be applied to job interviews as well. It communicates according to body language expert Mark Bowden being "calm and assertive". In this regard Mark Bowden emphasizes in an online-interview: "It's calm and assertive. You know, when was there ever any downside in being calm and assertive? When did anybody say: 'Ähem, I don't know. Don't give them the job they're just too calm and assertive.' When did that ever happen? 'No, don't bring him on the team he's a way too calm and assertive'."<sup>88</sup> During this online-interview, Mark Bowden was laughing because this obviously never happened that someone did not get the job because of being too calm and assertive. I can recommend watching the 20 minutes TED Talk from Mark Bowden which has the topic "The Importance Of Being Inauthentic", and which is, of course, available on youtube.<sup>89</sup> Hence, the key for displaying an accurate level of dominance, pride, or power, respectively, is a state of calmness and assertiveness. It's a dominant but non-aggressive behavior and it communicates that you can deal with whatever the interviewer comes up with.

Do you remember the situation of my job interview at SEB that I described in an earlier chapter? In my phone call with the recruiter I got to know that my uncertainty about where I would like to be after five year had been negatively evaluated by the managers. Imagine I would have said that while

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<sup>87</sup> Cuddy (2016), p.224-225.

<sup>88</sup> See [www.youtube.com/watch?v=3Vv9Czubb3I](http://www.youtube.com/watch?v=3Vv9Czubb3I).

<sup>89</sup> See [www.youtube.com/watch?v=1zpf8H\\_Dd40](http://www.youtube.com/watch?v=1zpf8H_Dd40).

sitting in American-Figure-Four, having a slight smile on my face, accompanied by gestures with raised index fingers which displays a much higher level of assertiveness than gestures with open hands and palms up.<sup>90</sup> If that had been the situation, the words that I had spoken would have not been aligned with my non-verbal display because my spoken words showed uncertainty, whereas my body language displayed certainty. As a consequence, the interviewers had experienced “cognitive dissonance”. What do you think would have been their opinion about my future plans in five years? In case of cognitive dissonance, people trust the non-verbal behaviors more than the spoken words.<sup>91</sup> Therefore, the interviewers would perhaps have formed the perception that I exactly knew where I would have been in five years ahead, even though my spoken words indicated exactly the opposite. That’s the secret of body language, and there are probably not many people who are aware of what signals they’re actually sending out.

Interestingly, Professor Allan Pease who is known as body language expert highlights in his book *The Definite Book of Body Language*:

Overall, women are far more perceptive than men, and this has given rise to what is commonly referred to as 'women's intuition'. Women have an innate ability to pick up and decipher non-verbal signals, as well as having an accurate eye for small details. This is why few husbands can lie to their wives and get away with it and why, conversely, most women can pull the wool over a man's eyes without his realising it.<sup>92</sup>

Therefore, it may not come as a surprise that in particular women enjoy working in recruitment companies. If spoken words do not line up with the non-verbal communication, women trust what they see more than what they hear. I heard once, “if you want to lie to a woman you should do it via e-mail and even then there’s a good chance that she’ll figure it out”. Professor Allan Pease argues that women can read body language subconsciously.<sup>93</sup> And this is likely to be the key point for why the research concerning job interviews conducted by Professor Dr. Jessica Tracy finds that successfully employed body language can override the information of your CV. People trust more what they see than what they hear.<sup>94</sup> Consequently, the importance to control your non-verbal behavior in a job interview situation to send out the signals that you intend the interviewer to receive cannot be overstated.

Finally, I would also like to mention what you should not do: Don’t use your pointer finger! You should not do that in any social interaction unless you don’t need friends. Joe Navarro highlights: “In

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<sup>90</sup> Tracy (2016), p. 162.

<sup>91</sup> Bowden (2010), p. 10-15.

<sup>92</sup> Pease & Pease (2004), p. 13.

<sup>93</sup> Ibid., p. 14-15.

<sup>94</sup> Navarro (2008), p. 24-26.

many countries throughout the world, finger pointing is viewed as one of the most offensive gestures a person can display.”<sup>95</sup> While Joe Navarro refers to this gesture as ‘hostile’<sup>96</sup>, Professor Alan Pease refers to it as ‘annoying’ and argues that people are less likely to do what you would like them to do if you use the finger pointer.<sup>97</sup> He emphasizes that research shows that “speakers who used the finger-pointed position were described as ‘aggressive’, ‘belligerent’ and ‘rude’ and recorded the lowest amount of information retention by their audience. When the speaker pointed directly at the audience, the delegates became preoccupied with making personal judgements about the speaker rather than listening to his content.”<sup>98</sup> I would also like to recommend watching Professor Pease’s TED Talk where he explains this issue in a pretty humorous way. This TED Talk has the topic “Body language, the power is in the palm of your hands” and is, again, available on youtube.<sup>99</sup> So, in case you would like to end an interview session as soon as possible or if you would like to end a personal relationship with someone, you just need to use the finger pointer long enough which is perhaps not the smartest but at least an effective way of ending social interactions.

#### 6.5. How to prepare for job interviews?

It might be obvious that preparation for the interview is essential. Every job interview has some standard questions but also some job-specific questions may pop up. Therefore, it is important to have some standard answers already prepared for standard questions. It’s like learning vocabulary. Apart from that you probably need to think about how to display confident body language as discussed in the previous chapter. The more often you do something the easier it will be. In the end it’s a question of building new habits and new habits are built by repetition. We want to achieve a state of mind as described as follows by Dr. Amy Cuddy:

Next time you’re faced with one of these high-pressure moments, imagine approaching it with confidence and excitement instead of doubt and dread. Imagine feeling energized and at ease while you’re there, liberated from your fears about how others might be judging you. And imagine leaving it without regret, satisfied that you did your best, regardless of the measurable outcome. No phantom to be chased; no spirit under the stairs.<sup>100</sup>

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<sup>95</sup> Ibid., p. 139.

<sup>96</sup> Ibid., p. 140.

<sup>97</sup> Pease & Pease (2004), p. 38.

<sup>98</sup> Ibid., p. 40.

<sup>99</sup> See [www.youtube.com/watch?v=ZZZ7k8cMA-4](http://www.youtube.com/watch?v=ZZZ7k8cMA-4).

<sup>100</sup> Cuddy (2016), p.18.

The problem is just that you cannot talk yourself into this state of mind. Another issue that one has to bear in mind is that “people form 60 to 80% of their initial opinion about a new person in less than four minutes.”<sup>101</sup> Professor Dr. Daniel Kahneman points out that it’s the first emotion that one experiences when one meets a new person that determines how one thinks about the person in general, and this phenomenon is referred to as the well-known Halo-effect.<sup>102</sup> The first impression sticks and it’s difficult to change that impression afterwards. This is actually a problematic issue because often we get the information about someone’s characteristics in a random order. So the first impression may be wrong. The good news is that if you are in an important social interaction, such as a job interview situation, you have the possibility to control the signals that you send out. In other words, once you have the awareness of your non-verbal communication, you have the possibility to adjust it in a way that increases the likelihood that you get the job. It’s a matter of both insight and self-control: First of all, one needs to come to insight that one perhaps sends out the wrong signals, and second, one needs to have some self-control to deliberately override certain automatic behaviors that are likely to put you on a disadvantage.

One may raise the concern that it’s manipulative and inauthentic. My answer to this concern is, however, that it depends on what perspective one chooses to have. Let me document something: I have encountered women who are highly skilled in using make-up and they know how to fix themselves in a way so that they can significantly change their outer appearance. If they then at some point had removed all the make-up, one could have been (very) surprised and even thought that one would have met a different person. Is this authentic or inauthentic? Is the advertisement in the television authentic or inauthentic? The question arises what is actually authentic and what is inauthentic behavior? Alcoholism is to some extent genetic determined but people can control their behaviors and choose not to drink.<sup>103</sup> Does authenticity mean that someone who is predisposed by those genes and tends to behave in a way that would devastate his health should continue to do so? My opinion is that socially accepted behaviors that increase your wellbeing should be promoted while behaviors that diminish your wellbeing should be avoided. Behaviors that get you a job increase your wellbeing as you receive a salary to cover your living costs, and therefore I end this discussion here.

Amy Cuddy suggests in her TED Talks and bestseller *Presence* to prepare for interviews with two minutes of power poses. However, there is strong evidence that this power posing effect does not lead

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<sup>101</sup> Pease & Pease (2004), p.10.

<sup>102</sup> Kahneman (2011), p.135.

<sup>103</sup> Seligman (2006), Chapter 13.

to any significant physiological changes that, in turn, could potentially lead to behavioral changes.<sup>104</sup> On the other hand, positive psychology offers some insightful methods that are well-proven to work (across hundreds of scientific studies). In the previous chapter, it is discussed that in high-pressure social interactions, which people perceive as threatening, stress is physiologically associated with elevated levels of cortisol, which is known as the stress hormone. I got to know what consequences too high levels of stress can have: One of my classmates, who also did the education as a bank clerk, had a black out during the final examination that involved three written exams and a practical exam where the students were supposed to simulate a sales conversation in banking. She was an extraordinary good student and learning for written exams appeared to be pretty easy for her. She typically had very good grades in written exams. However, in the practical exam a few teachers were sitting directly in front of her and in that situation she was so stressed that she could not speak. As a result, the stress in that high-pressure situation ruined her average grade. What can we do to keep cortisol levels as low as possible?

If cortisol is low you are in a state of feeling calm and relaxed – and this is exactly the state that one needs to be in a job interview according to body language expert Mark Bowden. Emma Seppälä, who has a Ph.D. in Positive Psychology and is Science Director of Stanford University's Center for Compassion and Altruism Research and Education documents in her book *The Happiness Track* that breath training builds resilience:

As a regular practice, breathing can recondition your body to a state of greater calm, helping it bounce back from stress more quickly and perhaps reducing reactivity in the face of challenges. Similarly to a marathon runner who trains her body regularly as a prelude to running longer stretches, you can use daily breathing exercises to prepare your nervous system to be resilient in the face of stressful events, like a big meeting, interview, or first date, so that you perform at your best and recover more quickly thereafter.<sup>105</sup>

Why is that working? Simply speaking, every emotion is associated with a certain physiology that involves both an emotion-specific posture and an emotion-specific breathing pattern. For instance, when experiencing anxiety in a situation of stress, your posture will go back to the fetal position and your breathing pattern will become erratic. The easiest way to change any emotional state is to change the breathing pattern. This is an example of an intervention referred to as “body-mind approach”. Amy Cuddy argues that “body-mind nudges avoid the key psychological obstacles inherent in mind-mind interventions, such as verbal self-affirmations of power (e.g., telling yourself “I am confident!”). Why do those approaches often fail? Because they require you tell yourself something you don’t believe, at least

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<sup>104</sup> Ranehill, Dreber, Johannesson, Leiberg, Sul, & Weber (2015), p. 653–656.

<sup>105</sup> Seppälä (2016), p.59.

not at the moment.”<sup>106</sup> In other words, it doesn’t work out to lie to yourself. Lying in general is a bad choice. On the contrary, body-mind approaches “rely on the body, which has a more primitive and direct link to the mind.”<sup>107</sup> The interested reader who would like to learn more about the idea that bodily experiences cause emotion, I’d like to refer to Chapter 7 in Amy Cuddy’s book *Presence*, for instance.

In a recent research study, the effect of diaphragmatic breathing on cognition, affect, and cortisol responses to stress was explored. Forty healthy individuals participated in the research and were divided in an intervention group and a control group.<sup>108</sup> Over an 8-week period, participants in the intervention group had 20 sessions of diaphragmatic breathing and each session took 15 minutes. The study shows that cortisol significantly decreased by about 20% after 20 diaphragmatic breathing interventions.<sup>109</sup> This study is particularly interesting because it involves healthy individuals. There are many different ways of how to perform controlled breathing (e.g., breathing training). Specifically, slow exhalation triggers the parasympathetic nervous system, and activates the rest and digest system, “coaching greater relaxation into our bodies and minds and helping us feel more peaceful. By controlling your breathing, you can use a voluntary mechanical behavior to make a profound change on your state of mind.”<sup>110</sup> In clinical applications, patients that have a stress disorder are typically asked to count the inhalation and then exhale twice as long as. As an example, if you inhale on a count to four, you exhale on a count to eight. I recommend, however, the traditional simple yoga breathing, referred to Victorious Breath (Ujjayi Pranayama) because of both my own experience and its simplicity.

Recall that I described how to perform it already in an earlier chapter. Controlling the breathing in this manner requires that the inhalation is equally long as the exhalation. This breathing pattern balances the nervous system and mimics a state of deep calmness, as this is the breathing that naturally occurs during deep sleep mode when the body is in total relaxation. In summer 2016 I learnt about these methods in my leisure-time studies. In the end of November I faced a high-pressure moment in my life as I planned to compete at the National Swedish Championships in Fitness that took place at the Fitnessfestivalen in Stockholm which is indeed one of the largest fitness exhibitions in Europe. It was the third time that I participated. About a month before the championships, I started with occasional breathing interventions where I successively trained to manage up to 20 minutes in row breathing in Ujjayi Pranayama style. In the last two weeks before the fitness event, I did this breathing exercise every

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<sup>106</sup> Cuddy (2016), p.260.

<sup>107</sup> Ibid., p.260.

<sup>108</sup> Note that a well-executed study should account for a control group as well.

<sup>109</sup> Ma, Yue, Gong, Zhang, Duan, Shi, Wei & Li (2017), p.1-12.

<sup>110</sup> Seppälä (2016), p.58.

day for about 20 minutes, and in the last week I did it twice per day for 20 minutes in each session. I can tell that I indeed felt super-relaxed. I felt so relaxed that I actually could have slept most of the time. I indeed slept surprisingly well, deeper and about an hour longer.

On the day when the competition took place I did the breathing intervention for about 60 minutes in total within three hours where I meditated, listened to my favorite rock music and then performed the breathing interventions in between. In the early afternoon, when it was time to go on stage in front of a huge crowd of fitness-enthusiastic people, I did not feel nervous, but ready for assertive action. It was the first time that I won a National silver medal in Bardsips, and the day afterwards I won another silver medal in the Biceps-curls Championships ("Biceps Battle"). I had never in my life accomplished to win National silver (twice). Of course, my training was an important part as well, but the major battle takes place in your mind. And the easiest way to control your mind obviously is to use your body – even if it may sound counterintuitive for some people at first glance.

Job interviews are the same type of high-pressure moments like competing at National sports events. Since it takes some time to cultivate calmness I strongly recommend beginning already two weeks before the interview to perform controlled breathing exercises. In the first week, you can aim to increase the time until you have reached 20 minutes in the end of week one. In the second week you can perform this exercise twice per day, that is, in the morning and in the early evening after work, for instance. On the day of the interview you can start three hours before to interview and do three breathing interventions and 20 minutes each. It takes some time but does not cost you any money while having the desired effect.

Another thing that I have experienced is the relaxing effect of a 60 minutes session sports massage or a 90 minutes yoga session. I have not expected that by myself – so just give it a try! One of my colleagues tried to convince me to follow her to yoga but I said "thanks but no thanks!" At this point in time I had the immature opinion that yoga is rather something for pregnant women, old people and so-called "girlie-men". However, I was wrong in my opinion and after studying the scientific literature on yoga I was forced to draw the conclusion that its effect on the mind is perhaps even stronger than controlled breathing only, simply because it merges controlled breathing with bodily postures. The effect is very powerful. After I participated to a 90 minutes yoga session for the first time, I was so relaxed that I just wanted to go home and lay on the sofa. The effect was so strong that I felt very relaxed even the day afterwards. My friend Gianluca had exactly the same experience after I convinced him to follow to a yoga session. Imagine you do your breathing intervention as described above and one day before the interview you attend even to a yoga session in the evening.



A sports massage is also an excellent tool as preparation for a job interview and maybe even better than yoga (but also more expensive). The first time when I got a 60 minutes sports massage was incredible. I did not only feel extremely relaxed but had a permanent smile on my face because I felt even happy. I went home, laying on the sofa, stirring on the wall and felt very extraordinary relaxed, content and happy. And again, this effect was present the whole next day. The difference between yoga and sports massage is the human touch which has obviously a very powerful effect.<sup>111</sup> Recent research investigated the hormonal effects of massage interventions and found that cortisol levels decreased by 31% on average and serotonin levels increased by 28% on average. However, this study accounted for individuals that were in poor health conditions, such as depressed individuals.<sup>112</sup> It is noteworthy that confident individuals typically have elevated levels of serotonin<sup>113</sup>, and low levels of cortisol<sup>114</sup>. I would not be surprised if a single-intervention of a 60 minutes sports massage in healthy individuals had a very similar effect as reported for individuals facing poor health conditions (who actually received massage therapy even on a regular basis over a long period of time.)<sup>115</sup> Unsurprisingly, psychologists Dr. Kate Hefferon and Dr. Ilona Boniwell highlight emphasize that “massage appears to be beneficial even when administered in single doses.”<sup>116</sup>

Apart from body-mind tools, I would also like to highlight one useful and proven mind-mind approach to prepare for job interview situations. The last three days before the job interview, take every day 20-30 minutes and write about an intensively positive experience. It can be about any situation where you felt extraordinary happy. For example, children, accomplishing your undergraduate degree, pass an extraordinary difficult exam, vacations, etc. Write down what has happened in that situation, what you have contributed to make it happen, and elaborate in detail what were your thoughts, how you felt and what it meant for you. This Positive Psychology Intervention is referred to as “expressive writing” and it is discussed in an earlier chapter applied to a different context though. The purpose of this intervention is that you recall, reflect and engage in that feeling that you experienced in that situation.<sup>117</sup> As an alternative, you can also choose to write about your most important values and a situation where they proved to be important for you. For instance, if you value being kind you could

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<sup>111</sup> Hefferon & Boniwell (2011), p.177.

<sup>112</sup> Field, Hernandez-Reif, Schanberg & Kuhn (2005), 1397-1413.

<sup>113</sup> Tracy (2016), p.137-138, Peterson (2018), p.1-28.

<sup>114</sup> Cuddy (2016), p.135-140.

<sup>115</sup> Perhaps the increase in serotonin and the decrease in cortisol could be somewhat less than in depressed individuals. Note that sports massage can be a little bit painful. However, the relaxation afterwards is the award for your perseverance.

<sup>116</sup> Hefferon & Boniwell (2011), p.178.

<sup>117</sup> Ibid., p.168-169.

write about a situation where it played a decisive role. Maybe it happened to be that a police officer stopped you in your car because you drove too fast and due to your kindness you got just an oral warning instead of paying a speeding ticket. The only thing that you need to figure out before you do this exercise is to assess what are actually your values? What is most important to you? This is perhaps something that only you can answer. Writing about such an occurrence is an example of what is referred to as self-affirmation exercise.<sup>118</sup> These interventions are seemingly unrelated to the job interview. However, the purpose of those exercises is that you prime your mind to be either in a positive state of mind or that you trust yourself, which is very beneficial in a high-pressure moment such as a job interview situation.

Taken together, successful preparation for a job interview requires the awareness of what strengths profile and personality type is required for a specific job that you desire: Only if you are aware of what is required and where you stand, then you have the possibility to adjust your actions to bridge the gap. Moreover, standard questions can be prepared by standard answers. On the other hand, job-specific questions require that you answer in a way that is in line with the position. For example, if your opinion is that financial markets are efficient then the interviewer(s) may conclude that a job as an Analyst or Trader is probably not the right thing for you. It is also noteworthy that you display power by simply asking questions because it signals both assertiveness and that you are not afraid to take the lead.

Furthermore, in case of doubt, the interviewer(s) will pay more attention to what your body language is telling them. Therefore, it is of major importance to display calmness and assertiveness during the interview. Importantly, you have the possibility to use your body to lead your mind to be in the right state when the job interview takes place. Body-mind interventions, such as controlled breathing, yoga and massage are very powerful. Other interventions, such as meditation are also very useful and powerful but require more skills and a longer training period and are therefore not discussed further in this practical guide. The interested reader is recommended to consult the course book entitled *Applied Positive Psychology* from Tim Lomas, Kate Hefferon and Itai Ivtzan who serve as program leader and Senior Lecturers, respectively, for the M.Sc. program in Applied Positive Psychology (APP) at East London University.

The cognitive interventions that are recommended here have also some powerful and well-documented effects and prime you to feel good. All those tools that have been discussed here can, of

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<sup>118</sup> Cuddy (2016), p.47-51.

course, also be applied to other context such as preparation for important exams or other high-pressure moments that you may face.

## 7. UNEMPLOYMENT

*"You don't grow through successes, you grow through what you go through."*

— Mischaela Elkins

What happens if people get used to something that they enjoy? If they are not careful enough they start to become complacent. Excessive complacency can easily turn out to be both a trap and an obstacle for personal or professional growth. It can be the latter if you stop developing our skills. Knowing that modern employees will face increasing structural changes due to advances in technology, continuously developing your skills is not any more a choice but rather a necessary condition for survival in the modern working environment. Moreover, complacency can be a trap if you take staying in your comfort zone for granted. If life happens then you will be not only surprised but also unprepared. The truth is that unemployment can happen even if you think everything is "in right order" and you have the delusive perception that everything is going to stay like it is right now until forever.

If you have a well-paid job there are most likely many other people that are already lined up that would like to have your job as well. During one of my courses in econometrics, my former academic teacher told us graduate students that he, as a "middle aged guy", would earn "a lot of money" but he would be supposed "to justify what he was doing [every year]" to make sure that he would keep on getting his salary and would not experience a decrease of his salary. I was pretty surprised to hear that from my Professor as it was common knowledge that University Professors in Germany were employed as public officers, and therefore it was basically not possible to resign them (unless they would burn the whole University or something like that). So, he was obviously joking. In retrospective, however, I am forced to believe that his actual intention had been to warn us students for the complacency trap. The truth is that my academic teacher in econometrics produced an unbelievable amount of scientific papers even though I am very confident about that he would have gotten his salary even if he had not run so many research projects. What does this tell us about his character traits? I'd dare to state that he is very likely to be high in trait conscientiousness incorporating the sub-traits orderliness and industriousness. (People that are very high in trait conscientiousness typically go on working non-stop and we don't understand yet fully for why they just keep on going and going.)

In early spring 2011 the restructuring at Klarna AB went full speed. This involved some significant changes in the management structure as well. During the restructuring process I would guess that about one third or so of the analysts working in the risk management organization either resigned, were supposed to resign, or voluntarily changed their jobs. When I started working there in summer

2010 I got my first promotion in record time after two months which corresponded to increase in salary of 20 per cent and a new contract incorporating considerably more benefits. In the wake of the restructuring, however, I became more and more dissatisfied with the organizational structure.

Since I left University I was closely following the development of the stock markets. In my leisure time I explored and tested many different trading strategies and trading models. In early spring 2011 I was working with a co-integration based trading model.<sup>119</sup> And in what follows, I'd like to describe briefly how I proceeded so that the interested reader might get a clue of what I practically did.<sup>120</sup> I employed a long time series of daily data and estimated a Vector-Error-Correction Model (VECM) using the Swedish leading stock index OMX 30 and the German leading stock index DAX 30. I found that in the long term those indices were co-moving. This co-movement pattern were accompanied from occasional interruptions which occurred for instance during the financial crisis period. These interruptions were, statistically speaking, deviations from the long-term co-integration equilibrium which, in turn, offered an opportunity to initiate trading. Since the beginning of 2011 the Swedish stock index was in a downwards movement and I remember that I read in one morning newspaper on my way to work that this issue has been intensively discussed in the media and people were obviously afraid of a recessionary period entering the Swedish economy. I also read about the debt crisis in Greek and other issues that influenced my future expectation and my trading model set-up. After running my models back and forth, I decided to do a risky endeavor: Since I had a permanent contract at Klarna AB, it was easy for me to get a loan from any bank. I decided to take a loan from Nordea AB corresponding to SEK 100,000 (which corresponded to roughly EUR 10,000) and invested the money in endless index certificates with a leverage of x5.

First I went long the OMX 30 and short in the DAX 30 which means I speculated that the DAX will in the future decrease relatively more than the OMX 30. Compared to options or warrants, those certificates that I bought had no maturity date but a compounded interest effect instead. This means the leverage was accumulated over prolonged periods where the stock index moved in the same direction. While there were no significant events during the summer 2011, my invested money did virtually not move in any direction. On August 5, 2011, however, S&P downgraded the creditworthiness of the USA. This was a wake-up call for me and I decided to change both positions and went short in both indices leveraged x5. As a consequence, in the August 01–September 30 period, the indices S&P 500, EuroStoxx 50, Hang Seng and Nikkei 225 lost -12.08%, -15,40%, -22.39% and -12.69%. Due to the

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<sup>119</sup> You learn this kind of stuff (hopefully) at some point during your econometrics classes.

<sup>120</sup> In addition, I performed a whole battery of robustness checks that I, however, do not discuss here.

compounded interest effect, the prices of my certificates increased enormously. Those two months were extraordinary exciting for me. In the beginning of October, I could luckily get rid of my greediness and sold my certificates leaving me with about SEK 230,000 on my bank account. I concluded that my trading decision was very good, but at the same time I recognized that those moments were exceptionally rare, and do not happen very often in real time scenarios. I paid back my loan to Nordea AB and left my personal trading floor with a profit of SEK 130,000 in my pocket, which roughly corresponded to EUR 13,000.

This was the first time that I had a real life monetary compensation for years of studying econometrics. Moreover, due to my increased dissatisfaction at work, I left my position as Risk Analyst at Klarna AB and started to look for open positions for doctoral studies – preferably in finance. I was so excited about my personal trading success that I wanted to learn more. I also wanted to use more of my skills in econometrics. I remembered that I was very happy when writing my graduate thesis and I never experienced this high-level of engagement and personal growth again afterwards. Somehow I was longing for experiencing this state of flow again. Moreover, I recognized that those skills were beneficial obviously in real life scenarios also. When I left the company I agreed with the company that I would get four months of salary as an additional compensation. So I had round about SEK 200,000 in cash which made life pretty easy (at least in the beginning).

Notably, immediately when I resigned from my position at Klarna AB, I received an E-mail from an HR-manager asking me if I was interested in a similar position at another company. I was pretty surprised and wondering how she could know that I was not any longer working with Klarna AB? I found that the world is a little place. Since I already made up my mind that I want to do doctoral studies, I gratefully refused her invitation. Retrospectively, I came to conclude that I should have applied for doctoral studies already at an earlier stage. Perhaps I did not do it because I became somewhat too complacent during my work at Klarna AB.

Unfortunately, applying for doctoral studies was not as easy as I expected. I applied for basically all available positions all over the country (e.g., in Sweden). I even applied for positions in agricultural economics which had not been my core interest. As time passed by, it consequently became more and more uncertain to get accepted for any doctoral studies. Therefore, I was also supposed to apply for a new job in the industry at the same time. I had actually a couple of interviews for doctoral studies but the best position that was offered to me had been an unpaid position for the Research Master program at Stockholms University. Since the courses were the same as for doctoral studies in finance, the Professor, who interviewed me, argued that once I would have passed the corresponding coursework,

she could afterwards offer me a paid position as doctoral student in finance. I kindly refused that offer. I was also at an interview at Stockholms Business School but it turned out that I did not get that position either. I had the perception that I had a quite good CV – pretty successful studies, an internship in the U.K., and some extraordinary good reference letters also.<sup>121</sup> According to my personal experience, even though you have done everything in the best possible manner, life happens and things can turn out to be very different from what you might have expected. Of course, in that situation you are starting to wonder what could be the reason for all those rejections? At that stage, self-doubts may arise even for the toughest mindset and that is simply a part of being a human. It's nothing to feel ashamed of but it is not necessary either. And neither it's useful.

A couple of years ago, I saw with one of my former friends in Helsinki the TV series "Band of Brothers". It deals with the Second World War (WW II) and battles between the German army and the U.S. army. At some weekend, my friend and I were partying and on the next day we watched a whole battery of those movie chapters. When watching the series, there was one situation that I didn't forget because it appeared to be somewhat counterintuitive. In the end of WW II, the German army had not much to oppose the U.S. army with. In one chapter of the series, a German army capitulated and the German soldiers were arrested. Even though being defeated and without any weapons, the German soldiers goose-stepped, kept their lines and held their heads high. Some U.S. soldiers, who were watching this scene, were completely outraged about that behavior and wondered how the Germans could experience pride even in defeat? To my mind, however, all of us can learn something from the German soldiers: Whatever happens, do not allow external circumstances to take away your sense of value. The German soldiers gave their best, and therefore they were proud of themselves and kept their head held high. Even if you give your best, sometimes life happens anyways and due to external circumstances you may get unemployed. However, there is no reason for you to feel ashamed. It is possible that other candidates get the job not because of their performance but due to "being friend with the decision-makers", for instance. I could observe this kind of situation many times. Therefore, there is no reason to take a biased decision-making process personally. We have learnt in an earlier chapter that it is not necessarily always performance that matters, but rather "being in the right group of people" which is obviously not in your control – unless you're a master of manipulation.

After I quitted my job at Klarna AB, I did what I enjoyed doing and everybody enjoys doing something that one is good at doing or something that one perceives as being meaningful, right? After my successful trading in 2011, I appreciated my skills in econometrics even more, and as I had time for it

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<sup>121</sup> For instance, Professor Dr. Helmut Herwartz kindly provided me a whole bunch of those reference letters.

now – due to my unemployment – I decided to refresh and extend my knowledge. As a result, I studied the books “Applied Time Series Econometrics” from Professor Dr. Helmut Lütkepohl and Dr. Markus Krätzig and the book “Bootstrap Tests for Regression Models” from Professor Dr. Leslie Godfrey. I also started studying one course in mathematical statistics at the University of Gothenburg.<sup>122</sup> Moreover, I wrote more than a half dozen of research papers where I explored and proposed different trading strategies based on statistical models. Over the year, I published those papers in some journals that had, however, low impact factors. Note that at that point in time, I did not have the right skills to publish in recognized scientific journals and neither did I bother with the quality of scientific journals because it was anyways more of a fun endeavor to me.

In summer 2012 I decided to develop my programming skills in Matlab. After reading the book “Bootstrap Tests for Regression Models” a couple of times, I came up with a research idea how to extend one research paper from Professor Dr. Leslie Godfrey which was related to bootstrapping a specific test statistic (e.g., the well-known LM test statistic). Doing so required to buy a better laptop as running the program on my old computer would have taken probably 15 years or so.<sup>123</sup> Hence, I invested some money and bought a new laptop with a very fast processor (Intel Core i7) just for being able to run the program, to analyze the results, and to write the new research paper. I thought very properly through the project and whatever would have been the result, it would be certainly of interest. It was a big challenge for me to write and test the program on my own. I wanted to see if I can deliver research that has the same quality like research of such a highly-recognized Professor in econometrics as Leslie Godfrey from the University of York (U.K.).

During the end of summer 2012, my new laptop was running 24/7 for about six weeks. When I saw the results of the first simulation experiment, I was intrigued and took pride in it because it was clear to me that I my idea worked out and that I could even extend the research in applied mathematics from a highly-recognized Professor in the U.K. My results were clear and made sense. In the beginning of autumn 2012, I started to write everything together. My paper was entitled “Size distortions of the wild bootstrapped HCCME based LM test for serial correlation in the presence of asymmetric conditional heteroscedasticity”. In the late summer of 2012 I had another interesting research idea and wrote another paper entitled “An empirical analysis of changes of the impact of federal budget deficits on stock market returns”.

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<sup>122</sup> It happened to be that I lived close to Gothenburg at that point in time.

<sup>123</sup> I also asked a Professor at the University of Stockholm if I could use some of their modern computers for my little project but they rejected my request.



And guess how it felt for me to work on my own research projects? I was in a flow state again: I was developing my skills, time passed by very fast, and I was pretty excited about what I did. It was the same type of flow experience that I had experienced when I wrote my graduate thesis a couple of years ago. Even though I was rejected for doctoral studies in 2012 many times, I did not stop doing what I enjoyed doing and what I was good at doing. Certainly, it would have been understandable if I had become demotivated or resentful, but the rejections that I received had actually the opposite effect: It encouraged me even more and in my thoughts I said to the interviewers that rejected me: "Do you know what? You will hear from me very soon – anyways." I wanted to show to myself that I can do what they could do – even without having a doctorate like they had. I believed that my skills were sufficient and that I could accomplish whatever I decided to do. I think that in the end of the day, this belief is the cornerstone of personal success. According to Professor Dr. Martin Seligman, when one is in the flow during the process of studying one acquires new skills which, in turn, builds psychological capital. Building psychological capital during my time of unemployment paid significantly off the years that followed.

In autumn 2012 I visited my friend Toni in Finland. It was a couple of years ago that we met last time and we were very happy to see each other again. During my stay in Vasa, Toni asked me what would be my plans for the future and what I would intend to do. I told him about my interest in conducting research in finance but my applications for positions for doctoral studies have not been very successful. Since I also applied for jobs at the same time, I wrote already more than 100 applications during the whole year. Toni understood that my situation was tough but he encouraged me to send one more application. Specifically, he encouraged me to apply for a position at the University of Vaasa even though there was no position announced. I was not convinced that this was such a good idea but on that Monday afternoon, I sat on Toni's computer and send a short E-mail to Professor Dr. Jussi Nikkinen asking him if I could come to an informal interview on Tuesday as I was supposed to fly back home to Stockholm on Wednesday.

On Tuesday in the morning, I went with Toni to the gym and, of course, we did a proper workout. We came back around 12 o'clock at lunch and I checked briefly my E-mail. Surprisingly, I saw that Professor Dr. Sami Vähämaa answered my E-mail that I sent on Monday and he wrote: "You may come to talk with me shortly today, I'll be at my office between 1-2 p.m." I was pretty surprised because Professors usually do not answer E-mails immediately because they have many other things to do. Often you can wait a week or least a couple of days until a Professor comes back to you. Therefore, I had not expected an answer and felt stressed at the same time because we had only about half an hour to get

ready. So it was a very stressful situation. Luckily Toni gave me a ride to University with his car and about half to two in the afternoon I finally arrived. I introduced myself to Professor Dr. Sami Vähämaa and we had a very interesting conversation. I was surprised that he appeared to be so young. Indeed Sami became Professor already in his mid 20ties and was most likely one of the youngest Full-Professors in Finance in Finland. Interestingly, he knew one of my former Professors at the University of Kiel and during our conversation I got to know that Sami also was on a research visit in Kiel also. When I was a student at the University of Kiel, I was not aware of the fact that Professor Dr. Thomas Lux is obviously a highly-recognized and well-known Professor of Finance. However, what I can say for sure it that his lectures were very different from the lectures of other Professors.<sup>124</sup> Luckily, Sami got to know him and appreciated that I was his student. Sami also appreciated that I chose Econometrics as major which showed him that I am not a guy who takes the easy way.

It turned out that Professor Dr. Sami Vähämaa wanted to have my application on his desk in a couple of days. And so I did. As soon as I was back in Stockholm I carefully put together all my relevant documents and sent it to him. I was very excited and somehow I had the gut feeling that “this is it”. The days afterwards felt like an eternity. But then after about two weeks later I finally got the E-mail that I was longing for where Professor Dr. Sami Vähämaa told me “to move to Vaasa immediately”. The first doctoral course would start already in about two weeks. I experienced relief and was very grateful for that opportunity. After about one year without a job, I finally could move on in my professional life and had the opportunity to get my life under control again.

What followed then is history. Both of my papers that I wrote in summer 2012 – before I enrolled for doctoral studies at the University of Vaasa – were published in recognized academic impact factor journals.<sup>125</sup> Knowing that I was able to deliver scientific research that was mathematically on the same level as that of a highly-recognized Professor in the U.K. accelerated my feeling of being proud about my accomplishments. I finished my doctoral studies in 25 months which is the historical record at the University of Vaasa, and most likely even the historical record in Finland in general terms.

Doctoral studies in Finance are usually perceived as being difficult in terms of being mathematically challenging. However, in the first doctoral exam for the course entitled “Empirical Asset

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<sup>124</sup> He was certainly the calmest and most relaxed teacher at the University of Kiel. He usually did not provide any lecture handouts but derived everything during his lectures without having any notes for himself while other Professors typically made use of standardized Power-Point presentations.

<sup>125</sup> Grobys, K., 2013, An empirical analysis of changes of the impact of federal budget deficits on stock market returns, *Applied Economics Letters* 20, 921-924; Grobys, K., 2015, Size Distortions of the Wild Bootstrapped HCCME-Based LM Test for Serial Correlation in the Presence of Asymmetric Conditional Heteroscedasticity, *Empirical Economics*, 48, 1189-1202.

Pricing”, I had the highest score in total points of all doctoral students in Finland. The total points also accounted for compulsory exercises that we were graded. Some of those exercises required advanced skills in programming and as I acquired those advanced skills during my unemployment by my self-studies, I had basically no problems to deal with the exercises. It was rather the opposite: I perceived the exercises as positive challenges that provided the unique opportunity to even expand my skills in programming. I think if I had not successively improved my skills in the summer of 2012, this first course would have been very difficult for me as it had been for most of the other doctoral students. After my success in this first doctoral course, I received a couple of months later external funding from the Graduate School of Finance in Helsinki (GSF), and the year that followed, I received even more grants from different Finnish Banks. (As a consequence, the University only needed to provide me funding for a couple of months.) Since I had an extraordinary positive experience from the first doctoral course, I gained momentum and I was ready for the next challenge which was to successfully master the following doctoral courses as well. Most of the time I was in a flow state during my doctoral studies and was committed to get the most out of it. At this point, I do not want to elaborate further on my doctoral studies as I assume that the key message is clear.

That someone is able to complete doctoral studies in finance in only 25 months had been a puzzle to many people. The truth is that my inner motivation had many reasons:

- I enjoyed being in a flow state and to acquire new skills
- I was interested in the learning content
- I wanted to invest my time as efficient as possible
- I wanted to show my gratitude to Professor Dr. Sami Vähämaa

Do not underestimate the last point. Gratitude is a very powerful driving force. How can I show my gratitude to someone who provides me the opportunity to fulfill my dream and to get my life back? What can I do for him? I discussed with my friend Toni about it a couple of times and it was clear for us, the only thing that I could do was simply to give my best. I wanted Professor Dr. Sami Vähämaa to be proud of me and to feel that he did the right choice to offer me this position. And I am very confident about that he did not regret it.

Taken together, I most likely could not have performed on that high level in my doctoral studies without that year of unemployment. I used that year of unemployment to do what I enjoyed doing and what felt meaningful to me. Since I started academia, scientific research had been meaningful for me, and I highly respected and looked up to my academic teachers. During my unemployment, I invested my time not only to refresh my skills but to extend my skills and, by doing so, I acquired exactly those skills

that were necessary to successfully deliver scientific research during my doctoral studies. Importantly, on the way of progressing, I perceived each acquired new skill and every published scientific paper as an accomplishment and I took pride in it which meant, as a result, that I felt good about myself. This is clearly an individual experience and different people take pride in different things which depends on your values, which in turn, are perhaps to a great deal influenced by childhood experiences, culture, socioeconomic factors, and so on.

Therefore, as another example I would like to share a story about my friend Karvann. I met Karvann first at the Sportsclub here in Vasa where I worked out. A couple of years ago, the Sportsclub was not willing to pay any longer the crossfit license and the official crossfit classes were replaced by so-called Functional Intensive Training (F.i.T.) classes that involved exactly the same type of training as crossfit. Due to the restructuring process, the former crossfit instructors left the Sportsclub and opened an own official crossfit box and Karvann took over the sessions at the Sportsclub and started to instruct the F.i.T. classes. It happened to be that after Karvann took over the instruction of the F.i.T. classes, the same people attended to those classes (more or less regularly). We enjoyed those high-intensity workouts and we enjoyed also the way how Karvann instructed the classes. He did a great job, a great humor, and a good sense of how to motivate people – not in an overly dominant but in an encouraging manner. After some time, we participants became actually friends with each other, and we met together with Karvann for dinner a few times. We also scheduled extra workouts that were not a part of the official gym schedule and met many times in night clubs. So, somehow over time, we grew together and the “F.i.T. group of the Sportsclub” became a sort of closed and highly motivated group.

From the beginning on, I got to know Karvann as someone who enjoys sports. At some point I figured out that he is doing wrestling. He did not show off but I got to know that he even won ten times at the National Championships in Wrestling here in Finland. That was a surprise to me because I perceived Karvann as rather humble and very social, whereas other people that are successful in sports may be sometimes perceived as somewhat arrogant and, as a consequence, less social. But he loved what he did and he posted several times on social media some posts that showed clearly his passion for martial arts and sports in general. Karvann used to work at a telecommunication company here in Vasa and – unsurprisingly – he was known for having fun at work. Having a sense of humor is indeed something that is highly appreciated, and people like people that are fun to be around with. However, life happens and that telecommunication company started some severe restructuring processes in the end of 2016. And it may be not a big secret that young single men are the first that are supposed to move on in wake of restructuring processes. The department where Karvann used to work was

concerned also and his position was rationalized away. Of course, he continued to apply for other jobs but at the same time he used his new situation as an opportunity to fulfill one of his dreams.

He moved away from Vasa to Åbo and started intensively training mixed martial arts (MMA) at a gym that was professionally arranged for that. After about half a year he felt ready to fight and qualified for the National Championships in Finland. On March 4, 2018 Karvann won for the first time the National Championships in MMA which was indeed a great success and he took pride in it. What did he actually do? He used his set-back for a set-up and had an even greater comeback. Wrestling is certainly recognized as well but in the wake of Conner MacGregor's successes in 2014-2016, MMA has obviously become very popular in 2018 and, therefore, winning such MMA competitions is certainly associated with a high level of prestige.

In essence, Karvann did the same thing that I did: When life happened, we did what we loved to do, irrespective of the circumstances. I was excited about financial markets and Karvann was excited about fighting. I got my degree and he became National MMA Champion. I felt good about accomplishing what I perceived as my personal success, and he felt good about accomplishing what he perceived as his personal success. Life happened to both of us but irrespective of the circumstances we did what we loved to do. We succeeded, and importantly, we took pride in it. Once again, the message is so important that I want to highlight it again: Do not allow any random events, such as unemployment, to take away your sense of value. Life happens to all of us and you have a choice how you respond to it. Whether you are a victim or victor is not depending on random events that happen in life but depending on which perspective you choose to have.

The evangelical preacher Joel Osteen highlights in his message *Don't Waste Your Pain* that not always everything that happens in life makes sense. If you consider a puzzle and grab a random piece it doesn't have any meaning but if you put all the pieces together you can see the big picture. We don't necessarily understand everything that happens. Joel Osteen highlights:

The key is what we do in our times of pain. Pain will change us. Heartache, loss, disappointments – they don't leave us the same. When I lost my father, I didn't come out like I was before. I was changed. If you go through a divorce, a legal battle, a friend betrays you; eventually that will pass, you get through it but you will be different. Now how the pain changes you, is up to you. You can come out bitter or you can come out better. [...] You can come out defeated giving up on your dreams or you can come out with a new passion, a new fire, excited about the new opportunities in front of you. All of us experience pain. My challenge [is], don't just go through [but] grow through it. That difficulty is an opportunity to get stronger, to develop character, to gain new confidence. Anybody can give up. Anybody can let it overwhelm you but

do you know what's that doing? Wasting your pain. This pain is not there to stop you. It's there to prepare you, to increase you, to develop you. [...]

How can you grow through a difficulty? I mentioned already that I did what I loved to do and which felt important to me. Everybody has different values and different preferences - that's why all of us human beings are unique individuals. And my friend Karvann did the same thing. I remember an Instagram post from him on 14. December 2017 – that was about half a year before he became National MMA Champion. He posted a video where he did some chest exercises where he pushed explosively against resistances to increase his punching power. Below that post, he commented: "Been doing this every day with people who have the same mission that I'm working on. It's hard, but I love doing it." It described in an accurate manner why he was doing what he was doing. Karvann does not need more success in sports. At this point in time he was already ten times National Champion in Wrestling in Finland and twice Nordic Champion.<sup>126</sup> A couple of months earlier he posted on Instagram a black and white picture where he wore a weigh vest and worked out at the crossfit box here in Vasa. Below that picture he simply commented: "I love sports! I am dedicated for this!" He simply enjoyed (and still enjoys) working out. And he is not only good at MMA and Wrestling but also in other types of sports, including weightlifting, crossfit, etc.

If you do not know what you are good at doing or what you enjoy doing then it's time to figure that out as soon as possible. The strength finder that I described in a previous section is a very useful tool that might give you some guidance. When I filled in this strength analysis I figured out that my top-5 strengths were 1) Zest, enthusiasm, and energy, 2) Creativity, ingenuity, and originality, 3) Curiosity and interest in the world, 4) Industry, diligence, and perseverance, and 5) Humor and playfulness. It may be not surprising that those strengths match the job profile for a scientific researcher and academic teacher. It may be interesting to note that I did this strength test years after I started working in academia, which actually provides evidence for that I made intuitively the right decision when I decided to enroll for doctoral studies and to stay at the University after completing my studies.

My younger sister is not so lucky in this regard. Unfortunately, she had a very difficult childhood and life was not easy for her. However, she is happy when it comes to other parts in her life. In 2017 she got her first child and is very happy about it. I do not know many people that are mature enough and want to have a family in their early 20ties. At this point, my sister is young and once her son Noa attends the kindergarden, she will be still young and everything will be possible for her. When I visited her in spring 2018, she asked me that she is not certain about what she would like to do professionally. So, I

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<sup>126</sup> It's Sweden, Finland, Norway, Denmark and Iceland belong to the Nordic countries.

suggested her that she could first of all figure out her strengths and then afterwards explore what professions would match her specific strength profile. That means you could go the reverse way from what I did: While I figured out after I decided what I want to do that my strengths actually matched my profession, you could as an alternative first figure out what are your actual strengths and then look for a profession where you can “play your strengths”. From my point of view, this makes indeed a lot of sense.

Recall that Professor Dr. Martin Seligman argues that engaging in your signature strengths typically produces positive emotions such as pride, satisfaction, joy, fulfillment and harmony.<sup>127</sup> Psychologists Dr. Tim Lomas, Dr. Kate Hefferon, and Dr. Itai Ivtzan argue that there are three psychological resources of job engagement which are 1) using one’s signature strengths, 2) managing one’s emotions and 3) finding one’s work meaningful.<sup>128</sup> People that use their individual strengths make better use of their talents and develop their potential.<sup>129</sup> So, given that you have not done it yet, once you face a situation of unemployment you have a great opportunity to figure out what you’re good at doing and then just go ahead and play your strengths to build psychological capital. Finally, I believe that you can extract at least one good thing out of basically any situation that life throws at you – everything depends on the perspective: Don’t just go through it – grow through it!

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<sup>127</sup> Seligman (2002), p.138.

<sup>128</sup> Lomas, Hefferon & Ivtzan (2014), p.116.

<sup>129</sup> Ibid., p.112.

## 8. CONCLUDING REMARKS

*“There is a time for everything, and a season for every activity under the heavens: [...] a time to tear down and a time to build, a time to weep and a time to laugh, a time to mourn and a time to dance, a time to scatter stones and a time to gather them, a time to embrace and a time to refrain from embracing, [...] a time to be silent and a time to speak.”*

– Ecclesiastes 3:1, 3b-5, 7b

This handbook is a guide for students to assist them in making the right decisions on the way through their studies. Given the context, decisions are considered as “right” if they help you to move towards your goal of successfully accomplishing your studies. Mainly this book is written from a student’s perspective: I was a student and, in a sense, I will perhaps always be a student. However, I have successfully completed my studies and even reached the doctorate in finance. But that’s not the end of the story. Since then I deepened my knowledge in a particular field in psychology that was (and still is) of relevance for me. Indeed I learnt a lot during the last years. During my studies I faced difficulties as everyone else does. I made both good decisions and bad ones. However, I dare to say that I made perhaps more good decisions than I did bad ones (– otherwise I would obviously not be sitting here and be willing to write such a guide). I am sure that if I had had the knowledge that I have now already 15 years ago, I could have done an even better job. The purpose of sharing my experiences in writing this guide is that students who read it may have the opportunity to be prepared for possible traps in student life (and life in general), and at the same time to get the best out of their studies. I read many books from people who were willing to share their knowledge that benefitted me, and I think it’s now my turn to give something back.<sup>130</sup>

I have seen many students who celebrated an event which is referred to as “Pampas Vecka” here in Vasa. It’s an event where students typically drink seven days in row – and they do not start drinking in the evening but already in the morning. Many of them do not make it until the last days of that celebration week. During that week, certain bars here in Vasa are packed with students already in the early afternoon. At some point, I met one of the students at the gym and started talking to him. He told me that many students need the whole next week for recovery. What is the reason for the excessive drinking?<sup>131</sup> What is the reason for why many young people apparently don’t take care of

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<sup>130</sup> Some of the relevant books are, of course, in the reference list.

<sup>131</sup> Interestingly, clinical psychologist Professor Dr. Jordan Peterson (2018, p.234) points out that “often alcohol is involved, as it is in most sexual assault cases. Alcohol can cause ambiguity. That’s partly why people drink. Alcohol



themselves? I don't have a scientific answer to those questions by myself. There may be many different reasons that underlie those behaviors. However, what I know for sure is that the modern industry is looking for people who create an added value for the companies. The truth is that no one in the industry cares about how much you can drink, how good you are in celebrating, how popular you are among fellow students, and so on and so forth. Excessive partying and drinking may seem cool after finishing highschool, but that's not cool at all – that's actually pretty dumb. The only interest that the industry has is how much can you as an employee contribute to the business so that the company is performing better? What skills did you acquire for this purpose? Clinical psychologist Dr. Jordan Peterson documents in his book *The 12 Rules for Life*:

In societies that are well-functioning – not in comparison to a hypothetical utopia, but contrasted with other existing or historical cultures – *competence*, not power, is a prime determiner of status. Competence. Ability. Skill. Not *power*. This is obvious both anecdotally and factually. [...] Furthermore, the most valid personally trait predictors of long-term success in Western countries are intelligence (as measured with cognitive ability or IQ tests) and conscientiousness (a trait characterized by industriousness and orderliness). [...] The predictive power of these traits, mathematically and economically speaking, exceptionally high – among the highest, in terms of power, of anything ever actually measured at the harder ends of the social sciences. A good battery of personality/cognitive test can increase the probability of employing someone more competent than average from 50:50 to 85:15. These are facts, as well supported as anything in the social sciences (and this is saying more than you might think, as the social sciences are more effective disciplines than their cynical critics appreciate.)<sup>132</sup>

In the introduction of this handbook I argued that this book is about common behaviors that I referred to as earnest and defined in the introductory part of this guide. The behaviors that I referred to as earnest are according to Professor Dr. Jordan Peterson associated with a personality trait that he identifies as conscientiousness. In his lecture he argues that people, high in conscientiousness, are industrious, orderly, eager, well-organized, etc.<sup>133</sup> He also emphasizes that this trait is a strong predictor for success. However, I argued that even if certain behaviors may not come naturally to you, it is still possible to embody those behaviors of individuals that have successfully accomplished the goals that

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temporarily lifts the terrible burden of self-consciousness from people. Drunk people know about the future, but they don't care about it. That's exciting. That's exhilarating. Drunk people can party like there's no tomorrow. But, because there is a tomorrow – most of the time – drunk people also get in trouble. They black out. They go to dangerous places with careless people. They have fun. But they also get raped."

<sup>132</sup> Peterson (2018), p.313-314.

<sup>133</sup> His lecture at the University of Toronto is available online on his youtube channel. The concept of the personality types are discussed in his first lecture entitled *Personality and Its Transformations* which is available at [www.youtube.com/watch?v=kYYJINbV1OM&list=PL22J3VaeABQApSdW8X71Ihe34eKN6XhCi](https://www.youtube.com/watch?v=kYYJINbV1OM&list=PL22J3VaeABQApSdW8X71Ihe34eKN6XhCi).

you would like to accomplish. If you do that, you are more likely to achieve similar outcomes even if you may not be high in trait conscientiousness. The difference between personality traits and behaviors is that traits are typically considered as rather “inelastic” while behaviors are subject to choice. In the context of feeling powerful social psychologist Dr. Amy Cuddy recommends “faking it until you become”.<sup>134</sup> She argues that you can nudge yourself to more healthy behaviors which will in the long term have a considerable impact on how you feel. It was surprising to me to read that clinical psychologist Professor Dr. Jordan Peterson virtually recommends the same thing:<sup>135</sup> Taking small steps every day to fix things that you are not satisfied with, will have a large impact on your life in the long term. Like Amy Cuddy, in this context he’s referring to behaviors (and not personality traits). So, what did we learn about successful students? How do they behave?

- 1) They have courage: They successfully confront and overcome fears and they are willing to step outside their comfort zone because they know that the comfort stuff will keep them stuck. This means also that they take, on average, higher risks than students who have lower levels of courage.
- 2) They are determined in the sense that they have a clear vision, that is, they know what they want to accomplish and then they stick to the plan – no matter what.
- 3) They have clear plans in hands: They carefully study the course schedule and create a road map for their studies at an early stage. They know when to take which courses. They also come up with plans and ideas how to deal with worst-case scenarios such as not passing an exam. They usually attend to lectures and in case they can’t make it, they make sure that they get to know the learning content of the lecture from a (competent) fellow student. They know that they can save valuable study time by attending to lectures by keeping the focus on what the lecturer teaches instead of studying irrelevant material.
- 4) They are well-prepared for everything: They carefully prepare for exams and pay attention to what the lecturer highlights during the lectures. They build a good fundament during their studies and are therefore able to recall important information such as key points and process new incoming information fast. They also prepare for job interviews as if they would attend important exams.

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<sup>134</sup> Cuddy (2016), p.272-296.

<sup>135</sup> Peterson (2018), p.85-111.

- 5) They associate with the right people: They don't bother with the party animals among their fellow students but have friends who share a common mindset (e.g., earnest-minded) and therefore constructively support each other.
- 6) They are optimistic in their thinking: They know that life happens to everybody and they do not take adversities personally. They see opportunities in setbacks and use them for their own advantage to do what they really love to do. Sometimes, this can also mean to dream a new dream. In either case, they continuously build psychological capital on purpose.
- 7) They successfully adapt to new situations and environments: They do not allow external circumstances to distract them but take control of their lives, which means that they take the corresponding actions to bounce immediately back on track. Moreover, they don't stop learning once they finish their degrees at University. They acquire the corresponding skills that modern working places require and are willing to adjust to changing conditions.

It is certainly not the case that successful students never go out on party. That doesn't make any sense either. It's responsibility that is the key. I never saw any of the successful students sitting completely drunk and helpless in the corner of a bar. As an example, after Karvann won the National in MMA I met him in a café with one of his friends. I saw his final match at some social media. His fight at the Nationals took less than one minute. We spoke about his fight and he told me that he and his coach had a clear plan for the fight and everything that he planned turned out to have worked out very well. His fight was amazing. Karvann told me also that he knew that his opponent had a background in boxing. This was very different from Karvann's background in wrestling. Therefore, it was important not to come too close to that guy. During the first 20 seconds Karvann distracted him with some kicks to keep him at a distance. But then all out of nowhere Karvann jumped into his opponent smashing him down and as he had 18 experience in wrestling, it took only 15 more seconds until that fight was over and Karvann won. It was a smart plan and very well-executed as far as I can tell. Since we met in that café on a Saturday I asked him what he would do that night and if he would go to a nightclub with his friends. But he said, "well, we go to a little private party later on but I will not stay late and take it easy". He told me that he had the next fight in one week and in two months he's going to fight at the European MMA Championships. But he added "afterwards, I might party a bit, maybe even one week in row." He said it with a big smile on his face so I understood of course that he will probably celebrate but certainly not one week in row.

What is Karvann doing? The correct answer is that he's postponing gratification. He has a plan in hands and he sticks to it. He will celebrate when it's the right time to do so but he also knows when enough is enough. I met Karvann often at the weekends but I never saw him completely drunk and helpless. (But I have seen other people in that condition.) And that's also exactly what successful students are doing: They know that study time is not equal with party time. They employ going on parties rather as a type of reward for themselves after having accomplished something. During my doctoral studies I worked about 60 hours per week (maybe even more hours sometimes), and often seven days a week. During those two years I went out maybe a half dozen times. That's not much. Did I miss anything? Well, I don't think so. After completing my studies, however, I went out a bit more often because I reached the goal that I wanted to accomplish. There is a time for everything – a time for studying and a time for partying.

Finally, I would like to mention my friend Emil who is one of my gym buddies. He just turned 18 and has no clue of what he would like to do after finishing highschool. I told him that he should take some time to figure out what he enjoys doing but at the same time he needs to take into account what the modern industry demands: As an example, even if one is extremely interested in prehistory one will be supposed to be able to – at least – earn enough money to cover the daily living costs. If the modern industry does not offer many positions related to an education in prehistory, it is perhaps useful to choose an education that is perhaps less interesting but that gives you, in turn, at least an opportunity to get a job, given the modern working environment.<sup>136</sup> One of my colleagues would have appreciated if my former student Joni had applied for doctoral studies in finance. In an earlier chapter I wrote about Joni's successful thesis that even received the EUR 5,000 (tax-free) Best Thesis Award. But Joni had better plans in hands: After working a couple of years in the finance industry as an Equity-Analyst, he said that he'd like to study machine learning instead of starting doctoral studies in finance. From my point of view, Joni made a smart decision:

In McKinsey & Company Global Institute's report, "Jobs lost, jobs gained: Workforce transitions in a time of automation" released in January 2017, the research team forecast scenarios in which 3 percent to 14 percent of workers around the world, corresponding to 75 million to 375 million jobs, will be supposed to acquire new skills and switch occupations due to automation by 2030. Moreover, the impact will vary between countries, depending on their properties and types of jobs that currently exist in each. In 60 percent of jobs worldwide, at least one-third of the daily routine work could be

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<sup>136</sup> The leisure time can then be reserved to deepen your knowledge in prehistory (or whatever you are enthusiastic about).

automated, implying a considerable change in what people do day-to-day. The research conducted by McKinsey & Company explored 46 countries and more than 800 different jobs. Specifically, the study forecasts that the restructuring concerns developed countries more than developing economies: In the year 2030 in developed countries, such as the U.S. or Germany, one third of workers could need to learn new skills, whereas the corresponding figure for China is 12 percent. Therefore, having the awareness that modern industries are subject to recurring structural changes due to continuing advances in technology cannot be overstated.

I'd like to finish this guide not with my own words, but with a citation from Joel Osteen's message *Use It or Lose It*. There is so much truth in it that I don't need to add anything more to it:

We have talent that is being underutilized because we're comfortable. We don't wanna stretch and do something out of our routine. [...] Sometimes we're stuck because we're intimidated. We let thoughts of fear and doubt talk us out of it. [...] Don't let fear keep you from your destiny. [...] Don't miss your season. You look up and another year is gone. Life is flying by. You don't have time for being unfocused, intimidated, letting opportunities pass you by. We have to draw that line in the sand and say: That's it. I'm going to get focused. I'm going to be intentional. I'm not going to play it safe my whole life. I'm going to start stretching. [...] Jesus said in Mathew 25: "Those who use well what they've been given, even more will be given to them. But to those who are unfaithful, even what little they have will be taken away." If you don't use well what you've been given, if you're not taking time to develop your talent, to maximize your potential, then it can be taken away. But when you use well, you're responsible, you're focused, you're passionate, you study, you grow, you get better – because you're using well even more will be given to you.

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