

Major Steps in an Econometric Research Project

Step 1: Formulate a methodologically sound *research design*, or *research plan*, that effectively utilizes the available sample data to provide *credible empirical evidence* on the empirical question(s) you are investigating.

Requires knowledge and understanding of (1) the principles of econometric model specification and (2) the methods of estimation and inference in econometric models.

Step 2: Execute the research plan in accordance with good econometric practice – i.e., conduct the econometric analysis required to assemble credible empirical evidence on the empirical question(s) you were asked to investigate.

Requires a good working knowledge of both econometric methods and econometric software.

Step 3: Write an accurate, complete, and logically coherent *research report* in which you fully and accurately explain *what you did*, *how you did it*, and *what you found*.

Explaining *what you did* and *how you did it* involves:

- Describing the sample data you used;
- Specifying the econometric models you estimated;
- Identifying the estimation methods you used;
- Specifying the hypothesis tests you performed on each model.

Reporting *what you found* involves:

- Tabulating the results of your econometric analysis, including the coefficient estimates of all reported models and the results of all hypothesis tests performed on these models;
- Interpreting and explaining the results of your econometric analysis;
- Assessing the strength of the evidence you obtained on the empirical questions you were asked to investigate;
- Identifying limitations of your analysis and suggestions for further research.

Requires excellent organizational and technical writing skills.