

An Increase in Submission Fees, a New Two-stage Review Process, and Electronic Submissions

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As I will explain in more detail below, the workload at the *JFE* has exploded in the last few years. After careful consideration, and consultation with several people who have worked hard on the *Journal* in recent years, I have decided to make some significant changes in the way the *JFE* handles submissions.

An Increase in Submission Fees

The last increase in submission fees for the *JFE* occurred in January 2002. Since that time the U.S. Consumer Price Index has risen more than 6% but, more importantly, the number of submissions to the *JFE* has grown by about 25%. Through the end of May 2004, the *JFE* had finished processing 680 papers in the prior 12 months and has another 122 papers under review, for a total of 802 papers. The median turnaround time for this period was 37 days. The comparable numbers in January 2002 were 536 papers processed, with 122 under review, for a total of 658 papers. The median turnaround time in 2001 was 36 days. Thus, we are doing a lot more work.

Based on these data I have concluded that it is necessary to increase the submission fees for the *Journal of Financial Economics*. At the same time, I am going to increase the payments we make to referees who return their reports within our desired time period, since the valuable service provided by reviewers is our scarcest resource.

After July 1, 2004, the submission fee schedule will be:

- (1) For subscribers to the *JFE*, \$500
- (2) For non-subscribers to the *JFE*, \$550.

This represents an 18% increase in the real submission fee for subscribers.

As always, fees on the last submission are refunded for accepted papers. Resubmissions are generally required to pay another fee unless the editor explicitly waives this requirement. Submission fees are also refunded when, in the editor's judgment, the delay in providing a report and decision letter is abnormally long. Submission fees involved in disputes between authors and referees will also be adjusted (see the web page [<http://jfe.rochester.edu>] for more information).

Since its inception, the *JFE* has prided itself on using economic incentives to help manage the business of the *Journal*. As you can see from Figs. 1 and 2, in recent years turnaround times have held steady even as the number of papers reviewed and published have risen. The continued rise in submissions is putting a lot of pressure on the resources of the *Journal* (particularly the referees and the editor). I hope you understand that increasing submission fees is a necessary step to deal with this situation.

JFE Submissions & Real Submission Fees

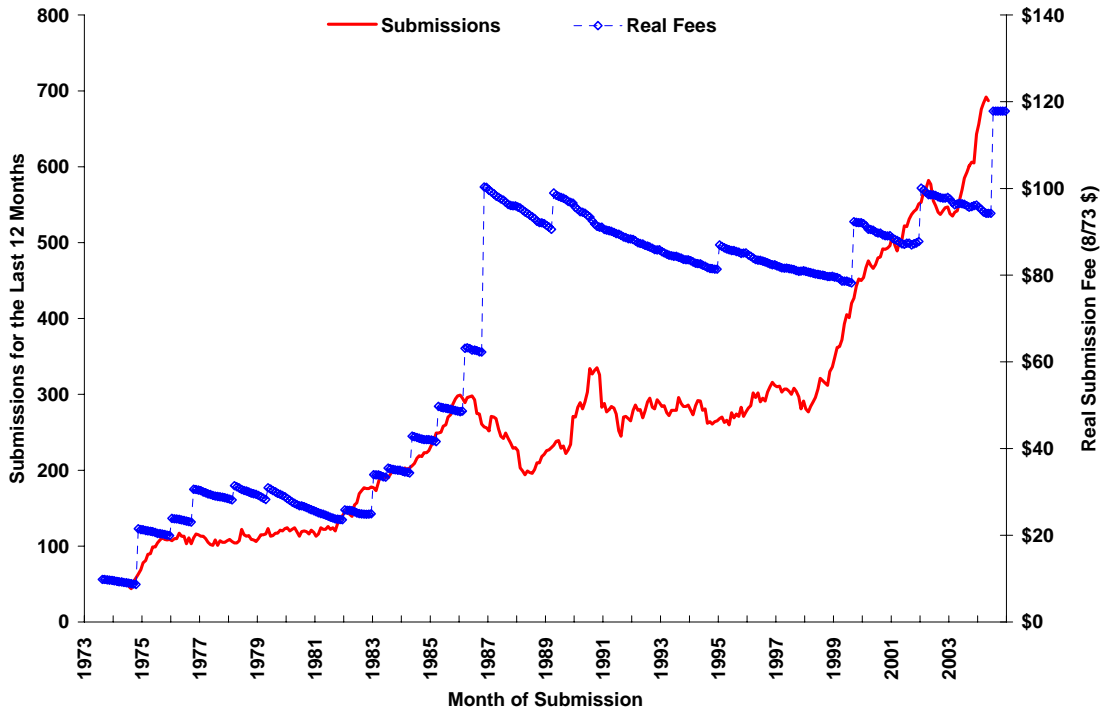


Fig. 1. Submissions to the *Journal of Financial Economics* during the prior 12 months (left-axis) and submission fees for subscribers to the *JFE*, expressed in terms of August 1973 dollars, using the Consumer Price Index (right-axis).

JFE Rejection Rates & Turnaround Times

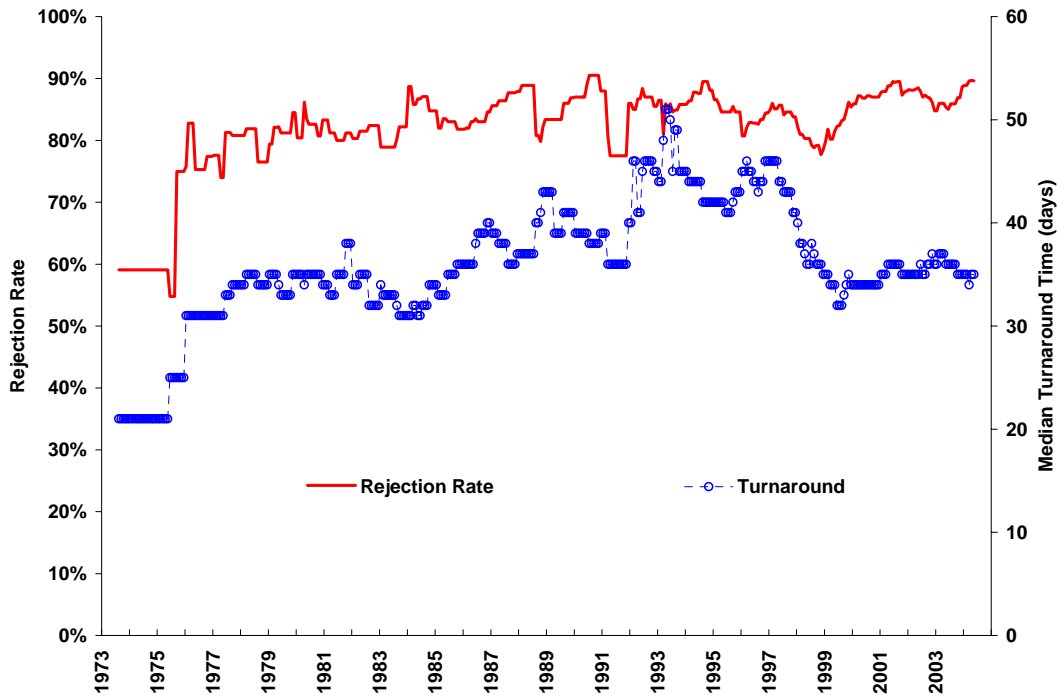


Fig. 2. Rejection rate for submissions to the *Journal of Financial Economics* during the prior 12 (left-axis) and median turnaround time in days (right-axis) during the prior 12 months.

A New Two-stage Review Process

While higher submission fees, along with a high rejection rate, should cause prospective authors to carefully consider the decision to submit a paper for review, we still receive too many papers that are either poorly executed or not likely to be of interest to a significant number of *JFE* readers. Another change I will institute on July 1 is a two-stage review process that should reduce the workload of our scarce refereeing resources.

I will screen all submissions and determine whether, even if the claims of the authors are correct, the topic of the paper is of sufficiently broad interest to warrant publication in the *JFE*. If I determine that the paper does not meet that standard, I will send a quick rejection letter and refund all but \$100 of the submission fee. The submitting author will receive no referee's report and there will be no right of appeal.

This is a substantial change in policy for the *JFE*. In the past I have only rarely discouraged authors from seeking a review, and these were all cases where the author apparently was unaware of the types of papers typically published in the *JFE*. I will still follow that practice, but there are many papers that are within the scope of topics outlined for the *Journal*, but which do not make a significant enough incremental contribution to our knowledge about finance to warrant publication in a high quality general finance journal, such as the *Journal of Financial Economics*. These are the papers I will screen out before the refereeing process.

My goal is to have fewer referees' reports that merely say "this paper is OK, but just not interesting/broad enough for the *JFE*." This outcome is expensive for authors, referees, and editors, and the feedback received by authors typically does not improve their papers very much.

Electronic Submissions

The third part of my plan to improve operating efficiency at the *JFE* is to make electronic Microsoft Word or Adobe PDF documents the standard mode of submission. Instructions for how to produce a document that disguises the identity of the author from the potential referee are available on the *JFE* webpage. This is important since the *JFE* has always used a double-blind review process (authors and referee are not supposed to know who each other are).

Authors who cannot produce an appropriate Word or PDF document have several options available. For an extra \$50, they can submit four copies of a paper document to the *JFE* editorial office, which has been the standard practice in the past. Alternatively, the Social Science Research Network (WWW.SSRN.COM) will provide an electronic submission option for working papers that are posted to their web site.

My hope is that the use of electronic submissions will reduce the frequency of delays caused by referees who travel and have problems receiving forwarded mail or Fed Ex packages. For the past several years all of the decision letters and referee's reports from the *JFE* have been delivered to authors electronically, and I have heard few complaints about this process.