

Columbia business school mba application



**ASSIGN
BUSTER**

Before my internship at Goldman Sachs, I used to believe that learning I acquired in school would help me conquer the real world of sales and trading. I did not expect there would be such a big gap between theory and practice.

At Goldman Sachs, one important thing needed to do everyday is provide professional advice on the daily performance of the stock market and the long-term estimation on the trend of the domestic capital market. It was essential to keep an eye on the oil price which is affected by studying the dollar. This is obviously far more complex than mere theories studied in class as there are too many unexpected and various elements in real life. Even if there is a very similar case to the one I have read about in my books, the solution and cause given in the book may be different. Sometimes the cases are not even remotely similar.

Unlike in the class work, practice in the real world requires one to analyze each case in its own specific environment and none of any two environments should be similar to each other. For instance in relation with the example given above, an analysis of the actual correlation between dollar price and oil price showed that even in months where where the risk premia is high or low. It seems that a higher regime for correlations is not dependent on a specific regime of risk premia as taught in school. The higher regime for correlations appears to be more of a shift in structure.

It is true that school can teach us many things that help prepare us for life. I have learned many theories and many cases with their solutions. During my internship, I was able to utilize these theories. Nevertheless, I discovered that some cases involve several theories. There are many unseen and unavoidable factors at play that school did not lecture about.

Practice teaches that most of the time there is no fixed rule for situations. At times, it is not enough to stick to one learned solution for a case. If I do not keep up with the changing world, I may miss out details of case that are important elements to consider and consequently give a wrong explanation or answer. I also realized that answers are not always acquired with the same solutions. Sometimes even one same result can be due to totally different causes.

There is no permanent bond between any single case and theory. In class, I learned to apply one or two theories on a certain subject to explain or solve a problem. During my internship, I discovered that these were insufficient. There are so important elements affecting the capital market that a single problem has to be explained with several theories usually dealing with not only one but several subjects. I have come to understand that the learning in school serves only as a guide in solving problems. This learning is stored in a person and should be logically connected and to attain the answers I need in real life.