

**Langdale College of Business**  
**Department of Accounting & Finance**  
**Finance Program Results**  
**Spring 2008**

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**Assessment History**

All members of the finance faculty participate in the Langdale College Assurance of Learning (AOL) program. This program assesses Langdale College students' achievement of the Undergraduate Program Objectives, evaluation the assessment results, and recommending curriculum improvements when appropriate. The AOL Oversight committee supervises a regular schedule of assessments which include case study computer software usage, projects, and embedded test questions. Results and recommendations are located in Langdale College dean's office. In addition, in 2006 the department conducted the program review that is periodically mandated by the Board of Regents.

The accounting program conducted assessment of learning in 2003 -2005. However, in 2006 we learned that our outside accrediting agency (AACSB – International) only required Assurance of Learning (their name for assessment) at the undergraduate and graduate level. In other words, they are concerned about the output of the BBA and MBA graduates not the review of individual majors. The department has now instituted SACS oriented assessment program for the accounting and finance majors. As you will see, the 2007 -2008 data is much more complete and focused.

**Program Overview**

The finance program is structured to ensure that upon graduation, finance graduates are able to:

1. Demonstrate a working knowledge of corporate finance, financial institutions, markets and instruments.
2. Demonstrate an ability to gather, interpret, and analyze financial information.
3. Demonstrate knowledge of current issues related to finance.

The objectives above are collectively referred to as the major learning outcomes and are in line with the LCOBA and VSU's educational outcomes.

The program assesses the extent to which the outcomes were achieved using the following methods:

1. Finance-related cases that require solving unstructured problems are used to assess problem-solving ability, research skills, and mastery of finance content.
2. Written examinations are used to assess knowledge of the functional areas of finance.
3. Oral presentations are used to assess knowledge of current finance issues.

## 2005-2006

### Assessment Results

The sample size was 36. Students in finance failed to achieve the 70% proficiency level. The finance faculty met to discuss and address their respective results. Finance will measure again at the end of the spring 2007 semester.

The following questions were used to assess basic finance knowledge:

1. What is the present value of a five period annuity of \$3,000 if the interest rate is 12% and the first payment is made today?
2. At 8 percent compounded annually, how long will it take \$750 to double?
3. If you have \$20,000 in an account earning 8 percent annually, what constant amount could you withdraw each year and have nothing remaining at the end of 5 years?
4. What should occur when a project's net present value is determined to be negative?
5. What is the NPV for the following project cash at a discount rate of 15 percent? What is the market price of a share of stock for a firm with 100,000 shares outstanding, a book value of equity of \$3,000,000, and a market/book ratio of 3.5?
6. What price would you expect to pay for a stock with 13 percent required rate of return, 4 percent rate of dividend growth, and an annual dividend of \$2.50 which will be paid tomorrow?
7. Capital structure decisions refer to the:
8. When calculating a project's payback period, cash flows are discounted at:
9. What is the approximate IRR for a project that costs \$100,000 and provides cash inflows of \$30,000 for 6 years?

The sample came from sections of FIN 3350.

### AOL – Knowledge Sample Sizes per Course and Course Section – Spring 2006

Management-Specific Area	Faculty	Number of sections per faculty	Total number of sections	Sample size per section	Total sample size
FIN 3350	Buchanan	1	6	6	36
	Roland	2			
	Scott	2			
	Stanley	1			

Student identification -  $n^{\text{th}}$  Sample selection:

- ◆ Use list of students that completed the course.
- ◆  $n^{\text{th}}$  student = # of students that completed course / sample size
- ◆ e.g. # students that complete course = 25 and sample size = 7
- ◆  $n^{\text{th}}$  student =  $25 / 7$  approximately = 3 (every 3<sup>rd</sup> student)
- ◆ pull name of every 3<sup>rd</sup> student, beginning at top of list of students until desired sample size is reached

AOL Knowledge  
Spring 2006 Results of Measurement

	<u>n</u>	<u>% &gt; 70%</u>	<u>Avge Score</u>	<u>Range</u>		<u>Percentage of Yes</u>		
				<u>Min</u>	<u>Max</u>	<u>Transfer</u>	<u>Int'l.</u>	<u>Female</u>
Finance	36	64%	69	30	100	64%	11%	56%

Modifications Made:

Langdale College’s Assurance of Learning (AoL) Committee agreed to assess only two AACSB learning goals each year as part of the maintenance of accreditation process. The knowledge goal was not selected for assessment due to the favorable results in most areas. The finance faculty agreed to retest on their own using a larger sample size. However, this plan was abandoned when it became clear that a more comprehensive assessment at the major level would be required by SACS.

**2006-2007**

**Assessment Results**

Communication and Teamwork were the only goals assessed during this time period by the AoL Committee since we still responding to AACSB’s guidelines which required assessed at the program level.

Modifications Made:

The Department of Accounting & Finance developed learning outcomes and assessment tools to assess students in the major in response to SACS initiatives. This was implemented in the 2007-2008 assessment cycle.

**2007 - 2008**

**Assessments Results**

Major learning objective #1 (Major LO#1) was tested in all upper level division courses required for the major during the spring 2008 semester using specific -course related learning outcomes. In addition, Major LO#2 and Major LO#3 were tested in the applicable course – FIN 4900. The specific major learning outcome was satisfied if students were able to achieve a score of 70% or better.

A discussion of each course assessment follows:

### **FIN 3360 – Advanced Corporate Finance**

Two course related learning outcomes were used to assess Major LO#1 with students sampled who successfully completed the course used for assessment purposes (n=10). Course-embedded examination questions were used for assessment purposes.

The learning outcomes are:

1. Students will understand merger valuation analysis and empirical evidence of the valuation distribution between bidder and target.
2. Students will identify the factors that affect option values and use an option pricing model to demonstrate how each factor affects option value.

**Results** – Both learning outcomes were achieved. The average assessment score for the sample was 83 percent.

### **Continuous Improvement**

The instructor is reviewing the learning outcomes and related assessment questions and will continue the assessment in spring 2009.

### **FIN 4520 – Investments**

Three course related learning outcomes were identified to assess knowledge (Major LO#1), with all of the students who successfully completed two sections of the course used for assessment purposes ( $n_1=13$ ,  $n_2=18$ ). Two course-embedded examination questions were used for each of the identified learning outcome for assessment purposes.

The course related learning outcomes are:

1. Students will be able to identify and evaluate systematic vs. unsystematic risks.
2. Students will be able to identify and employ separation property of investment decisions.
3. Students will be able to understand and test efficient markets hypothesis.

**Results** – All three learning objectives have received a satisfactory score of 70% or better.

### ***Continuous Improvement/Observations***

1. The sample selection was not a problem since the instructor included the results of all students who successfully completed the course.
2. The lowest score was on “efficient markets hypothesis.” Real-life examples related to the hypothesis itself –as well as its implications- should help students realize that the understanding of this subject is far more important than a mere technical detail, and also crucial to understand risk-adjusted returns.

3. More numerical examples in class, in addition to quiz/homework assignments should help students practice more with the application of models that identify and manage systematic/unsystematic risks.

### **FIN 4760 – Financial Institutions Management**

Three course related learning outcomes were used to assess Major LO#1 with students sampled who successfully completed the course used for assessment purposes (n=10). Course-embedded examination questions were used for assessment purposes.

The learning outcomes are:

1. Students will demonstrate knowledge of bank capital requirements demanded by federal regulators to ensure the safety and soundness of the U.S. financial system.
2. Students will identify and quantify interest rate risk and its affect on the market value of equity.
3. Students will construct a hedge using swaps to effectively mitigate interest rate risk.

**Results** – Learning outcomes were achieved. The average assessment score for the sample was 78 percent.

### **Continuous Improvement**

The instructor is reviewing the learning outcomes and related assessment questions and will continue the assessment in spring 2009.

### **FIN 4900 – Current Issues in Finance**

Two course related learning outcomes were used to assess Major LO#2 and Major LO#3 with students sampled who successfully completed the course used for assessment purposes (n=10). A semester long project was used for assessment purposes.

The learning outcomes are:

1. Students will gather relevant commodities futures data to construct a portfolio hedge.
2. Students will adjust / modify portfolio hedge as warranted by changes in current financial environment and strategic policy.

**Results** – Both learning outcomes were achieved. The average assessment score for the sample was 84 percent.

### **Continuous Improvement**

The instructor is reviewing the learning outcomes and related assessment questions and will continue the assessment in spring 2009.

## Overall Analysis and Next Steps

As noted in the document, the program results are based on the assessment of students in upper level accounting courses during the spring 2008. The following is the overall analysis of the learning outcomes and the next steps in the assessment process.

*Major LO#1* was satisfied in all courses required for a finance degree. The course instructors, however, are reviewing the learning outcomes, assessment tools and results to ensure continued achievement. The specific adjustments were highlighted earlier in the document.

*Major LO#2* was satisfied in the current issues course. Course instructors are exploring how Major LO#2 can be implemented in other courses as well.

*Major LO#3* was also satisfied in the current issues course.

Assessment in the finance program will continue in spring 2009.

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Department Head

Date

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Dean

Date

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Date