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2018

## **Academic Learning Compact : Finance [Effective 2018]**

University of South Florida St. Petersburg.

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**ACADEMIC LEARNING COMPACTS (ALCs)**

**Finance**

**Academic Year 2018/19**

## **Discipline Specific Knowledge:**

**Learning Goal:** Students will have foundational and discipline-specific business knowledge.

**Objective 1:** Students will demonstrate focused knowledge of their chosen field of study.

**Means of Assessment:** Finance Major Exit Exam

In May 2018 a decision was made to completely and comprehensively review the AOL process for the College. After this review, it was further decided to completely revamp our AOL process. To accomplish this, we sought assistance from an external AOL consultant to review our current assessment process and to help develop a more robust AOL process. At the recommendation of the AOL consultant we decided to develop an internal exit exam for each major to assess discipline specific knowledge. The exam for each major covers material from each of the required courses in the major (the common set of courses that is required for all students in the major). Permanent faculty who teach each required course in the major were asked to develop several multiple choice questions covering topics that reflect “essential knowledge” from these courses. After several iterations the questions from each course were combined together into an internal exit exam for the major. This exam was then pilot tested in multiple sections of GEB 4890 (capstone course) during the Spring 2019 and Summer 2019 semesters. The results of this pilot test are contained in this report.

Listed below are the courses reviewed in this document, which include all of the required courses for the Finance Major:

- FIN3403: Principles of Finance
- FIN3604: International Finance
- FIN4303: Financial institutions and Markets
- FIN4504: Principles of Investment

**Administered:** Spring 2019 and Summer 2019

**Criteria for Success:** At least 70% of students will be able to correctly answer each question.

## Findings:

### Summary of outcome:

| Order* | Question Title/Identifier       | Question Details  | Finance Courses that cover the concept                             | %Correct score Spring 2019 (online 7) | %Correct score Spring 2019 (on campus 9) | %Correct score Summer 2019 (online 12) | %Correct score Total (28) |
|--------|---------------------------------|---|--|---------------------------------------|--|--|---------------------------|
| 1      | Call option                     | What is a call option?  | Principles (PRNP) of Investments; International Finance            | 86%                                   | 89%                                      | 92%                                    | 89%                       |
| 2      | US stock market index           | Which of the following is NOT...                                | PRNP of Finance; PRNP of Investments; International Finance        | 86%                                   | 89%                                      | 100%                                   | 93%                       |
| 3      | Stock Alpha                     | What is a stock's alpha?  | PRNP of Investments  | 86%                                   | 78%                                      | 75%                                    | 79%                       |
| 4      | Risk-free rate                  | Which of the following rate can be considered as risk-free rate | PRNP of Finance; PRNP of Investments; Advanced Corporate Finance   | 86%                                   | 89%                                      | 83%                                    | 86%                       |
| 5      | Investments means               | Investment means  | PRNP of Investments  | 43%                                   | 56%                                      | 67%                                    | 57%                       |
| 6      | Interest Rate Parity            | If interest rate parity exists, then...                         | International Finance  | 86%                                   | 67%                                      | 100%                                   | 86%                       |
| 7      | Purchasing Power Parity         | Given a home country and a foreign country, PPP suggests...     | International Finance  | 43%                                   | 44%                                      | 58%                                    | 57%                       |
| 8      | Capital gain - foreign currency | The value of the Australian dollar...                           | International Finance  | 100%                                  | 44%                                      | 42%                                    | 86%                       |
| 9      | Foreign exchange movements      | Assume that Canada places a strict quota...                     | International Finance  | 43%                                   | 78%                                      | 67%                                    | 64%                       |
| 10     | Benefits of investing overseas  | A U.S. firm will likely benefit most from...                    | International Finance  | 29%                                   | 56%                                      | 42%                                    | 43%                       |
| 11     | Primary goal of finance manager | What should be the primary goal of the financial manager?       | PRNP of Finance; International Finance; Advanced Corporate Finance | 71%                                   | 67%                                      | 50%                                    | 61%                       |
| 12     | Return on equity                | If stockholders want to know how much profit...                 | PRNP of Finance; PRNP of Investments                               | 86%                                   | 56%                                      | 83%                                    | 75%                       |
| 13     | Efficient Market Hypothesis     | An investor discovers that for a certain group of stocks...     | PRNP of Investments  | 29%                                   | 33%                                      | 50%                                    | 39%                       |
| 14     | Internal Rate of Return         | Which of the following is TRUE for IRR?                         | PRNP of Finance; Advanced Corporate Finance                        | 57%                                   | 67%                                      | 75%                                    | 68%                       |

|    |                                   |  |   |     |      |     |     |
|----|-----------------------------------|--|---|-----|------|-----|-----|
| 15 | Sensitivity and scenario analysis | Theoretically, the NPV is ....                             | PRNP of Finance; Advanced Corporate Finance             | 86% | 89%  | 75% | 75% |
| 16 | Money Market Instruments          | Which of the following is a money market instrument?       | PRNP of Investments; Financial Institutions and Markets | 57% | 78%  | 75% | 71% |
| 17 | Federal Reserve                   | The U.S. Federal Reserve System...                         | Financial Institutions and Markets; PRNP of Investments | 43% | 89%  | 75% | 71% |
| 18 | Commercial banks                  | The U.S. Commercial banks are subject to...                | Financial Institutions and Markets                      | 86% | 100% | 92% | 93% |
| 19 | Mutual funds                      | Rank the following types of mutual funds...                | PRNP of Investments                                     | 14% | 78%  | 67% | 57% |
| 20 | Commercial banks                  | Which of the following is a risk faced by commercial bank? | Financial Institutions and Markets                      | 71% | 100% | 92% | 89% |

\* Order in which questions appeared on the assessment exam

### Analyses for why the following questions have low %correct score:

**#5:** The other 57% students in 2019 spring (online) chose “none of the above.”  
The other 44% students in 2019 spring (on campus) chose “none of the above.”  
The other 33% students in 2019 summer chose “none of the above.”

**Suggestion:** Rewrite the question for future assessment and also replace “none of the above” with something else.

**#7:** Low %correct may result from students making careless mistakes. The question is worded as “Given a home country and a foreign country, Purchasing Power Parity (PPP) suggests that:” The correct answer, listed **last**, is “home currency will depreciate if the current home inflation rate exceeds the current foreign **inflation** rate.”

- In 2019 spring (online), 29% students
- In 2019 spring (on campus), 33% students
- In 2019 summer, 33% students

chose “home currency will depreciate if the current home inflation rate exceeds the current foreign **interest** rate.” This incorrect choice is listed **first**.

**Suggestion:** Rewrite the question for future assessment.

**#11: Maybe delete this question?** The correct answer for this question is maximize shareholder value. Some other courses may teach differently. For example, in International Finance, we talk about in countries like Japan and Germany, firms are more stakeholder oriented. Additionally, the Business Roundtable, which includes CEOs of JP Morgan Chase and BoA, put out a statement earlier this year, advocating that the goal of a firm is to maximize stakeholder value.

Assessment of the results, including discussion of question on which students have scored particularly well or poorly

The students appear to perform particularly well on those questions (i.e. Questions #1) that test fundamental finance principals, which have been reinforced in different finance classes. The students appear to perform particularly poorly on those questions that are theoretical and lack close ties to students' daily life (i.e. Questions #13).

Faculty participated in this assessment process: Dr. Tina Yang and verified by Dr. Huijian Dong and Dr. Gary Patterson

**Plan for Use of Findings:**

Future curricular improvements

Through this assessment process, we identify the following areas in which to make curricular improvements:

1. Reinforce fundamental finance principals in different courses
2. Relate theories to students' personal experiences
3. For topics to which students lack exposure (e.g., foreign currency movements or tariffs), provide students with more practice problems and with more current news articles so that students can better internalize the concepts

Faculty participated in this planning process: Dr. Huijian Dong, Dr. Gary Patterson; Dr. Tina Yang

Communication Skills and Critical Thinking Skills were measured for Kate Tiedemann College of Business students in our required capstone course (GEB 4890) as follows:

## Communication Skills:

**Learning Goal:** Students will be effective communicators.

**Objective 1:** Students will write professional documents.

**Means of Assessment:** Students will produce a written analysis of an assignment in selected sections of GEB 4890. The assignment was scored using a written communication rubric.

**Administered:** Fall 2018

**Criteria for Success:** At least 75% of students will meet or exceed expectations.

**Findings:** Thirty five essays/assignments were evaluated using our Written Communication Analytic Rubric which was developed as part of a revamping of the assurance of learning process in the College. As in past years we hired a consultant/external reviewer (English professor and head of our USFSP Student Success Center) to score the assignments. The rubric used addressed twelve traits spread across 4 categories: content, grammar/mechanics, appearance and organization, and document integrity. There were three levels of proficiency for each trait: does not meet expectations, meets expectations, and exceeds expectations.

The results of the scoring are as follows:

**Learning Goal 1, Objective 1:**

***Student will write professional documents.***

**Analytic Rubric**

| Performance Dimensions                               | Does Not Meet Expectations | Meets Expectations | Exceeds Expectations |
|--|----------------------------|--------------------|----------------------|
| <b>Content</b>                                       |                            |                    |                      |
| Student completes assignment per instructions.       | 20.00%                     | 74.29%             | 5.71%                |
| Student uses content/material learned in the course. | 5.71%                      | 85.71%             | 8.57%                |
| Student employs logical reasoning.                   | 14.29%                     | 74.29%             | 11.43%               |

|  |        |        |       |
|--|--------|--------|-------|
|  |        |        |       |
| <b>Grammar/Mechanics</b>   |        |        |       |
| Document is grammatically correct.                                 | 17.14% | 74.29% | 8.57% |
| Sentence structure is sound.                                       | 22.86% | 68.57% | 8.57% |
| Student writes efficiently (without redundancy).                   | 25.71% | 65.71% | 8.57% |
|  |        |        |       |
| <b>Appearance and Organization</b>                                 |        |        |       |
| Document is formatted appropriately                                | 11.43% | 80.00% | 8.57% |
| Paragraphs are used appropriately to delineate concepts.           | 5.71%  | 85.71% | 8.57% |
| Sentences are connected so that thoughts flow seamlessly together. | 22.86% | 68.57% | 8.57% |
| Topics are introduced and concluded.                               | 2.86%  | 88.57% | 8.57% |
|  |        |        |       |
| <b>Document Integrity</b>  |        |        |       |
| Student uses his or her own words.                                 | 2.86%  | 91.43% | 5.71% |
| Student references and cites work properly.                        | 2.86%  | 94.29% | 2.86% |

Upon review of the rubric results, students struggled with sentence structure and fluency and writing without redundancy. To some extent, word choice was an area of concern; whether this was due to students not proofreading their work or not knowing the meanings of words is unclear. Overall, most students demonstrated satisfactory writing based on the assignment criteria.

This was the second time that we used the rubric to score written communication in the College with this being the first time the rubric was provided to students prior to them completing the assignment. Providing students with the rubric appears to have resulted in better performance on the assignment. As an example, in the previous academic year students scored poorly (greater than 38% did not meet expectations) on 3 traits. In our current sample the highest percentage of students that did not meet expectations is under 26% resulting in students meeting or exceeding expectations on all but one trait – student writes efficiently (without redundancy). Finally, it is worth noting that with one exception (student employs logical reasoning) less than 10% of students exceeded expectations on any trait.

The above results will be used as a benchmark for future assessment activities in this area. More specifically, another sample of students will be assessed during the 2019/20 academic year.



**Plan for Use of Findings:** As described above this was the second time using our new analytic (versus our old holistic) written communication rubric and the first time the rubric was provided to students along with the assignment. The above assessments will be used as a benchmark for future assessment activities. We will continue to measure written communication using our new rubric again during the 2019/20 academic year.

**Learning Goal: Students will be effective communicators.**

**Objective 2: Students will prepare and deliver high quality oral presentations.**

**Measure:** Students will prepare and deliver a presentation as part of group project in selected sections of GEB 4890. Each student was separately scored on their presentation skills using an oral communication rubric.

**Administered:** Fall 2018 and Spring 2019

**Criteria for Success:** At least 75% of students will meet or exceed expectations.

**Findings:** A total of seventy nine students were evaluated using our new Oral Communication Analytic Rubric which was developed as part of a revamping of the assurance of learning process in the College. The rubric used addressed fifteen traits spread across six categories: structure, engagement, attitude, visual aids, presentation skills, and content. There were three levels of proficiency for each trait: does not meet expectations, meets expectations, and exceeds expectations.

The results of the scoring are as follows:

**Learning Goal 1, Objective 2:**

***Student will prepare and deliver high quality oral presentations.***

**Analytic Rubric**

| <b>Performance Dimensions</b>                            | <b>Does Not Meet Expectations</b> | <b>Meets Expectations</b> | <b>Exceeds Expectations</b> |
|--|-----------------------------------|---------------------------|-----------------------------|
| <b>Structure</b>   |                                   |                           |                             |
| The presentation is well structured/designed.            | 0.00%                             | 87.34%                    | 12.66%                      |
|  |                                   |                           |                             |
| <b>Engagement</b>  |                                   |                           |                             |
| The presenter interacts appropriately with the audience. | 0.00%                             | 79.75%                    | 20.25%                      |
| The presenter does not read off notes.                   | 12.66%                            | 63.29%                    | 24.05%                      |
|  |                                   |                           |                             |
| <b>Attitude</b>  |                                   |                           |                             |
| The presenter is confident.                              | 0.00%                             | 75.95%                    | 24.05%                      |
| The presenter uses proper gestures.                      | 0.00%                             | 87.34%                    | 12.66%                      |
| The presenter is dressed appropriately.                  | 10.13%                            | 68.35%                    | 21.52%                      |
|  |                                   |                           |                             |
| <b>Visual Aids</b>                                       |                                   |                           |                             |
| The presenter uses presentation tools appropriately.     | 0.00%                             | 87.34%                    | 12.66%                      |
|  |                                   |                           |                             |
| <b>Presentation Skills</b>                               |                                   |                           |                             |
| The speech is conducted at the proper volume.            | 0.00%                             | 74.68%                    | 25.32%                      |
| The speech is conducted at an appropriate pace.          | 0.00%                             | 77.22%                    | 22.78%                      |
| The speech is easy to follow/understand.                 | 0.00%                             | 77.22%                    | 22.78%                      |
| The presentation uses the allocated time properly.       | 1.27%                             | 83.54%                    | 15.19%                      |
|  |                                   |                           |                             |
| <b>Content</b>   |                                   |                           |                             |
| The presenter displays subject knowledge.                | 1.27%                             | 78.48%                    | 20.25%                      |
| Information presented is properly cited.                 | 1.27%                             | 86.08%                    | 12.66%                      |
| Information presented is accurate.                       | 1.27%                             | 82.28%                    | 16.46%                      |
| The presenter answers questions appropriately.           | 0.00%                             | 84.81%                    | 15.19%                      |

Overall, students scored well meeting or exceeding expectations on all traits. The two areas where students scored the lowest (greater than 10% did not meet expectations) were the presenter does not read off notes and the presenter is dressed appropriately. Students met or exceeded expectations on all other scoring traits. Since this was first time that we used the rubric to score oral communication in the College, the above results will be used as a benchmark for future assessment activities in this area. More specifically, another sample of students will be assessed during the 2019/20 academic year.

**Plan for Use of Findings:** As described above this was the first time using our new analytic (versus our old holistic) oral communication rubric. The above assessments will be used as a benchmark for future assessment activities. We will measure oral communication using our new rubric again during the 2019/20 academic year.

## Critical Thinking Skills:

**Learning Goal:** Students will have critical thinking skills.

**Objective 1:** Students will develop solutions to business problems.

**Measure:** Students were given a writing assignment in selected sections of GEB 4890. The assignment was scored using a critical thinking rubric.

**Date Administered:** Fall 2018

**Findings:** Thirty five essays/assignments were evaluated using our Critical Thinking Analytic Rubric which was developed as part of a revamping of the assurance of learning process in the College. The course professor scored the assignments. The rubric used addressed thirteen traits spread across 3 categories: problem identification, problem analysis and solution generation, and problem solution. There were three levels of proficiency for each trait: does not meet expectations, meets expectations, and exceeds expectations.

The results of the scoring are as follows:

**Learning Goal 2, Objective 1:**

***Students will develop solutions to business problems.***

**Analytic Rubric**

| Performance Dimensions  | Does Not Meet Expectations | Meets Expectations | Exceeds Expectations |
|---|----------------------------|--------------------|----------------------|
| <b>Problem Identification</b>                                     |                            |                    |                      |
| Student recognizes business needs to be met/problem to be solved. | 2.86%                      | 77.14%             | 17.14%               |
| Student is able to identify the root cause of the problem.        | 2.86%                      | 77.14%             | 17.14%               |
| Student is able to completely define the problem.                 | 2.86%                      | 77.14%             | 17.14%               |
| Student is able to accurately define the problem.                 | 2.86%                      | 77.14%             | 17.14%               |

|   |               |               |               |
|---|---------------|---------------|---------------|
|   |               |               |               |
| <b>Problem Analysis and Solution Generation</b>                         |               |               |               |
| Student breaks down problem into its component parts.                   | <b>5.71%</b>  | <b>71.43%</b> | <b>20.00%</b> |
| Student uses appropriate tools and techniques to analyze relevant data. | <b>8.57%</b>  | <b>68.57%</b> | <b>20.00%</b> |
| Student uses supporting information.                                    | <b>5.71%</b>  | <b>71.43%</b> | <b>20.00%</b> |
| Student identifies alternative viable solutions.                        | <b>11.43%</b> | <b>60.00%</b> | <b>25.71%</b> |
| Student evaluates alternative viable solutions.                         | <b>14.29%</b> | <b>57.14%</b> | <b>25.71%</b> |
|   |               |               |               |
| <b>Problem Solution</b>   |               |               |               |
| Solution is optimal.  | <b>25.71%</b> | <b>54.29%</b> | <b>17.14%</b> |
| Solution is appropriately documented.                                   | <b>25.71%</b> | <b>54.29%</b> | <b>17.14%</b> |
| Solution is appropriately defended.                                     | <b>25.71%</b> | <b>54.29%</b> | <b>17.14%</b> |
| Student considers limitations of solution.                              | <b>22.86%</b> | <b>57.14%</b> | <b>17.14%</b> |

This was the second time that we used the rubric to score critical thinking in the College with this being the first time the rubric was provided to students prior to them completing the assignment. Providing students with the rubric appears to have resulted in better performance on the assignment. As an example, in the previous academic year students scored poorly (greater than 34% did not meet expectations) on all the four traits associated with problem solution. In the current year that number fell to under 26%. This is probably still related to many students discussing competitive/business-level strategy or international entry mode instead of international strategy suggesting that the assignment needs further clarification. Overall, students scored well in all other areas meeting or exceeding our expectations. It should also be noted that 1 student assignment was removed from scoring due to plagiarism. The above results will be used as a benchmark for future assessment activities in this area. More specifically, another sample of students will be assessed during the 2019/20 academic year.

**Plan for Use of Findings:** As described above this was the second time using our new analytic (versus our old holistic) critical thinking rubric and the first time the rubric was provided to students along with the assignment. The above assessments will be used as a benchmark for future assessment activities. We will continue to measure critical thinking using our new rubric again during the 2019/20 academic year.