

UNIFORMITY IN TEACHING THE PRINCIPLES OF FINANCE CLASS – IS IT POSSIBLE OR DESIRABLE?

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ABSTRACT

We typically offer four or five sections of the Principles of Finance class (FINC 311) at Winthrop University each semester. These sections are usually taught by three of the four finance professors (i.e. one professor may teach two sections in a given semester). A common syllabus is not utilized. Further, there are significant differences in teaching styles, course content and exam design.

This paper will explore the differences in methods and teaching style employed by the finance faculty in teaching the Principles course. The implications for student achievement and credit hour production will be addressed. Alternative strategies for ensuring more consistency in delivery of desired course content will be presented.

INTRODUCTION

FINC 311 is a required class for all students in the College of Business. It is regarded by students as the most challenging course in the core curriculum. It is the only finance course that the majority of students in the College of Business are required to take. Accordingly, a number of students adopt the attitude that earning a C for the course is sufficient and this thinking is subsequently reflected in their level of effort.

The goal of “getting by” with a C also manifests itself when students register for the course. Some sections fill up much faster than others. While the time a section is offered plays a major role in selection, we know that students discuss among themselves which professors are preferred and which, if any, should be avoided. Student recommendations may be based on the quality of a professor’s teaching. It may also be based on the ease with which students are able to achieve a satisfactory grade.

It should be noted that a subset of these students decide to major in Finance and go on to take the Intermediate Corporate Finance class (FINC 312). This is the first finance class for finance majors only. The objective of this class is to reinforce concepts learned in the Principles of Finance class and to extend the students’ depth of understanding by exploring more challenging concepts and problems. It is our expectation that students across each section of the Principles class will gain a common set of competencies. It has been my experience that students come to the Intermediate class with varying levels of understanding of basic financial concepts. This becomes immediately evident when an assessment test is given at the beginning of the semester. A significant amount of time is often required to get everyone on a level playing field.

We have developed a common Course Description for the Principles of Finance course. This should be used as the starting point by each faculty member in preparing a Syllabus. To my knowledge, there has been no sharing or comparing of syllabi in previous semesters. We all use the same textbook [1]. However, there is individual license regarding chapter coverage, relative emphasis placed on individual topics and the number and content of exams.

An assessment test was administered in the Principles course for the first time at the end of the Spring 2007 semester. This was a ten question multiple-choice exam intended to provide a means of documenting what our students learned in the course. The exam was written by one of the Professors. It was circulated among the three other faculty members who teach the course and feedback was requested. Unfortunately, no feedback was offered and the test was administered as written. In reviewing the exam, I noted that there were a few questions on topics I either didn't cover or only briefly mentioned and that there were few, if any, questions on material I covered in significant detail. As we prepare for a re-accreditation visit, assessment has taken on new meaning. It is clear that we need to refine our process and our assessment tool.

FINDINGS

In order to assess the consistency in teaching the Principles of Finance class across the sections, I obtained the most recent syllabus for each professor who teaches the course. The following tables illustrate differences identified.

Table 1 – Stated Goals Included in the Course Syllabus [2] [3] [4] [5]

	Dr. Wood	Dr. Letourneau	Dr. Bhardwaj	Mr. Evans
Explain the basic criteria for every financial decision	Yes		Yes	
Assess the financial health of the firm	Yes	Yes	Yes	Yes
Develop proforma financial statements	Yes	Yes	Yes	Yes
Describe financial markets	Yes			
Explain stock and bond valuation	Yes	Yes	Yes	Yes
Explain how a company raises capital	Yes			
Calculate interest rates	Yes			
Understand time value of money	Yes	Yes	Yes	Yes
Compute a company's cost of capital	Yes	Yes	Yes	
Explain international issues	Yes			

Review capital budgeting		Yes	Yes	Yes
Review currency conversion			Yes	

Stated goals vary by professor. This is expected given that chapter coverage, as illustrated in Table 2, varies as well. This may also reflect each professor's personal interests and/or view of each topic's relative importance. For example, I have always maintained a position in industry in addition to teaching. It has been my experience that students need a solid understanding of:

- Financial Statements
- Financial Statement Analysis (Ratio Analysis)
- Time Value of Money
- Capital Budgeting

Hence, I tend to spend considerably more class time on these topics than my colleagues. I also cover the fewest number of chapters.

I also saw a difference in the philosophy of constructing a syllabus. Some of my colleagues prepare a very detailed syllabus, while others prepare a more condensed version.

Table 2 – Chapters Covered

Chapters	Dr. Wood	Dr. Letourneau	Dr. Bhardwaj	Mr. Evans
1	Yes	Yes	Yes	Yes
2	Yes	Yes		
3	Yes		Yes	Yes
4	Yes	Yes	Yes	Yes
5	Yes	Yes	Yes	Yes
6	Yes		Yes	Yes
7	Yes	Yes	Yes	Yes
8	Yes	Yes	Yes	Yes
9	Yes		Yes	Yes
10	Yes	Yes		
11	Yes	Yes	Yes	
14	Yes	Yes	Yes	Yes
17	Yes	Yes	Yes	

One must recognize that there are limitations in evaluating a course based solely on the Syllabus. While Dr. Wood has the most chapters to be covered in his syllabus, he informed me that he typically doesn't get to each. Anecdotally, Chapter 17 (International Finance) is often skipped by Drs. Wood, Letourneau and Bhardwaj because of lack of time. When it is covered, it is typically discussed in one class period. Accordingly, while the chapters to be covered per the syllabi vary from nine to thirteen, the actual difference may not be that great.

Table 3 – Grading

	Dr. Wood	Dr. Letourneau	Dr. Bhardwaj	Mr. Evans
1 st exam	22%	25%	25%	25%
2 nd exam	22%	25%	25%	25%
3 rd exam	22%			25%
Quizzes		25%		
Project			15%	
Participation			10%	
Final exam	34%	25%	25%	25%*

*Final exam score will also replace one earlier exam score if higher. All professors give a cumulative final.

Each Professor designs his own exams. Two of my colleagues give two exams and a final. Two of us give three exams and a final. Further, Dr. Letourneau gives quizzes and Dr. Bhardwaj assigns a project and awards points for class participation. I have not seen exams administered by any of my colleagues. Further, I did not have access to grade distribution data. I do know that a variety of formats is used. All multiple-choice exams are administered by two of my colleagues. Two of us give exams that include problems in addition to multiple-choice questions.

I have had a fair amount of debate with one of my colleagues regarding giving exams with all multiple-choice questions. He believes such exams are effective in assessing student learning. He points to academic research that shows that they are an effective tool. Further, many professional exams are now given in multiple choice format. Recently, I discussed this issue with my new Department Chair. She suggests that, at a minimum, there should be problems in the multiple-choice format. Students should be required to show their work. The professor should review all answered incorrectly and award partial credit.

As can be expected, there are also differences in teaching style. Two professors conduct lectures using PowerPoint. One also uses WebCT to conduct quizzes and to have online office hours. Two of us conduct lectures using chalk and blackboard.

The level of understanding of the basic tools and techniques of finance demonstrated by students who take the next finance class (i.e. FINC 312) is uneven. The results of the assessment test administered in FINC 312 at the beginning of the semester are often skewed toward the students who complete a particular section(s) of FINC 311.

CONCLUSION

Clearly, there is an opportunity for us to become more consistent in what we do in each of the sections. While I would like to see each professor continue to have some flexibility in course design, greater collaboration would be positive for students and for each of us. A common syllabus is used across all sections of Principles of Accounting. A common exam is also administered. I'm not sure that degree of uniformity is where we want to go. However, there is substantial middle ground. Effective communication among the finance faculty is required if we are to achieve greater consistency in delivering a quality product to our students. This has begun. I have discussed my observations with the other two finance professors teaching FINC 311 this semester. One of the professors obtained and

reviewed my syllabus prior to completing his own. Hopefully, sharing information will make us all more effective instructors.

As a result of my reviewing each syllabus, I have decided to add two chapters that I have not covered in recent years. In order to accomplish this, I will have to cover one or two topics in less depth than I have previously. Given that ratio analysis and time value of money are covered again in FINC 312, I will likely spend less time on these topics in the Principles course.

It is my intent to facilitate further discussion with my colleagues regarding the chapters we should cover and to what depth. Specifically, we need to agree on specific learning outcomes that can be measured by an assessment test administered to all sections at the end of each semester.

REFERENCES

- [1] Keown, A.J., Martin, J.D., Petty, J.W., Scott, D.F. *Foundation of Finance*, 5th Edition, Upper Saddle River, NJ: Pearson-Prentice Hall, 2006.
- [2] Wood, G. *Syllabus*, Spring 2007
- [3] Letourneau, D. *Syllabus*, Spring 2007
- [4] Bhardwaj, R. *Syllabus*, Fall 2006
- [5] Evans, M. *Syllabus*, Spring 2007