

**Student Learning Outcomes Committee**  
**Department/Program Assessment Results Report**

Department Finance \_\_\_\_\_ Degree MSBA (Finance) \_\_\_\_\_

Date Submitted March 20, 2007 \_\_\_\_\_

The purpose of this report is to communicate the assessment activities that have taken place during the last academic year, as well as to convey how the results are being used *to improve student learning at the program level*. The report should be kept as succinct as is possible, while answering the following questions clearly and conscientiously:

**I. Drawing upon the goals and objectives contained in the department/program student learning assessment plan, what was the focus of the department's student learning assessment for the past academic year?**

A. Please see Appendix 1.

B. The primary focus of the assessment efforts in Fall 2006 were on

Goal 2: Evaluate choices between competing resource needs

SLOs: Determine discount/hurdle rates

Evaluate investments in working capital and long-term assets

Goal 4: Acquire requisite skills to value a firm and its assets

SLOs: Select among and apply valuation techniques

**II. What information was collected, how much, and by whom?**

The Fall 2006 MSBA (Finance) Comprehensive Exam was completed by 13 students; the exam was supervised by Professor Varaiya. The exam comprised a comprehensive and challenging case that covered issues in capital budgeting and valuation. Specifically, the case required an understanding of: (i) incremental cash flow analysis, (ii) implications of product pricing in an oligopoly market, determining appropriate cost of capital/discount rate, and (iv) valuation analysis.

Only **four of the thirteen** students received a clear pass grade. The remaining nine students were asked to redo their case analyses after addressing concerns/questions identified during my review. The most common 'error' in the student answers related to proper determination of the incremental cash flows; specifically, the link between depreciation, net capital expenditures, and gross capital expenditures; and accounting for investments in working capital. There were a few 'errors' relating to cost of capital determination. *The remaining nine students did satisfactorily address all the questions/concerns in their revised Comprehensive Exams.*

The Comprehensive Exam has a seven-page limit including all exhibits. Overall, students exhibit **strong writing skills** as evidenced by their written answers.

**III. What conclusions were drawn on the basis of the information collected?**

The performance on the exam suggests that:

(i) students have difficulty in determining cash flows in relatively unstructured scenarios; and

(ii) students have some difficulty in grasping the economic and financial 'logic' in unstructured scenarios.

**IV. How will the information be used to inform decision-making, planning, and improvement?**

Our graduate students may need considerably more exposure to unstructured problem-solving exercises (in addition to structured problem-solving exercises where component data are easily identifiable) especially in the areas of cash flow determination, and capital budgeting analysis. The Finance Department will undertake a review of the 'corporate finance' course sequence: BA 665, Finance 617, and Finance 653 in Spring and Fall 2007 to address the issues identified in III.

Report completed by Nik Varaiya \_\_\_\_\_ Date 3-20-07 \_\_\_\_\_

<b>Appendix 1</b>		
<b>Goals and Student Learning Outcomes: MSBA-Finance Concentration</b>		
	<b>Scheduled for assessment</b>	<b>Assessment method</b>
<b>Goal 1: Learn to assess a firm's financial condition.</b>		
Learning Outcomes: 1. Design, create and interpret financial statements 2. Design, create and interpret cash flow statements	2006-07 (Spring 2007)	FIN 653 cases
<b>Goal 2: Learn to evaluate choices between competing resource needs.</b>		
Learning Outcomes: 1. Select among and apply capital budgeting techniques 2. Determine discount/hurdle rates 3. Evaluate investments in working capital and long-term assets.	2006-07 (Fall 2006)	Finance comprehensive exam
<b>Goal 3: Learn to determine a firm's funding needs.</b>		
Learning Outcomes: 1. Design and analyze pro forma statements 2. Determine composition of short and long term funds 3. Identify and evaluate financing choices	2008-09	Finance comprehensive exam
<b>Goal 4: Learn to value a firm and its assets.</b>		
Learning Outcomes: 1. Select among and apply valuation techniques both, DCF (discounted cash flow) and non-DCF approaches 2. Apply the contingent claims approach to valuation	2007-08	FIN 653 cases
<b>GOAL 5: Learn to evaluate securities and manage portfolios</b>		
Learning Outcomes: 1. Apply models for pricing stocks, bonds, and derivative instruments 2. Construct optimal portfolios 3. Design hedging strategies to manage market risks (e.g., currency, commodity, economic, and political)	2007-08	FIN 651 exam (SLO 1, 2) FIN 656 exam
<b>Goal 6: Learn to evaluate the legal, regulatory, economic and industry environment, domestic and international, in which firms operate.</b>		
Learning Outcomes: 1. Perform competitive and comparative analyses of industries 2. Describe global capital markets	2008-09	FIN 659 project (SLO 1) FIN 654 exam