

# Assessment Activities for the Economics and Business Department Academic Year 2011-2012

(Submitted by Dr. James West, Chair of Economics and Business - May 31, 2012)

The following report summarizes assessments results for achieving learning outcomes in Accounting, Economics Theory and Policy, and Management (Leadership and Marketing). These are the three principal degree programs offered by the Economics and Business Department.

## Overview

In addition to our ongoing process of assessment in Accounting, Economics, and Management, the Economics and Business Department took the time this year to revisit the outcomes and methods for the assessment process as adopted in our self-study report of February 2008. At that time the Department established four outcomes that, while not present in every course, are desired outcomes of all of the majors. These include:

1. A focus on critical thinking gained by reflecting, interpreting, questioning, and applying information.
2. Ethical foundations built on personal and professional societal norms.
3. To gain a global perspective, particularly as it relates to their role as future leaders in ever-advancing globalization processes and institutions.
4. Finally, a key element of assessment outcomes lies in the ability of integration in which students learn to distill, process, and act on imperfect information to view problems from multiple perspectives, and to arrive at decisions that reflect mature and sound judgment.

The Economics and Business faculty recommit to these four outcomes. We believe that these four outcomes still constitute the critical areas and learning outcomes we wish to see in our students. We are encouraged by observing the high caliber of graduates leaving our institution over the last four years and by following up with alumni successes as they move on to ever increasing responsibilities in their chosen fields. The examples established by our graduates and young alumni constitute a tangible and perhaps most important assessment of the outcomes that we have set for the Department and the individual majors.

It has been suggested and adopted by several of the faculty that we will make more explicit reference to these four outcomes, critical thinking, ethical foundation, global perspective, and integration, in our course syllabi as well as in our course materials. Again, while not all four of these may apply to every course that we offer, those that are appropriate will be highlighted so that students can appreciate the importance of the outcomes as they study the material. These outcomes will also be highlighted when discussing the Department majors with prospective and newly enrolled students within the Department. This explicit reminder to the students of these goals throughout their college careers will raise their recognition of the importance of these learning processes.

Beyond the discussions and resolutions the Economics and Business Department had with the selection of outcomes, individual faculty members continued to develop and administer assessment tools in their classes. These are attached for assessments in Accounting, Economics, and Management.

## Accounting Learning Outcomes Assessment – 2012

*Submitted by Barbara Vinciguerra*

LO 1 – Complete the process underlying the accounting cycle

LO 2 – Construct financial statements from accounting data

Assessment Activity for LO 1 and L 2

- Accounting 157 students complete the entire accounting cycle (journal entries, adjusting entries, trial balance, financial statement preparation, and closing entries) using data provided by the instructor. Each student completed the cycle and turned in typed assignment using Word and Excel. In addition, students answered two analysis questions
- This assignment has been used in assessments for the years 2009, 2010, 2011, 2012

Data Source

- Accounting 157A and 157B completed projects in Spring 2012

Results for LO1 and LO2

- Students were assessed as to whether they achieved Mastery, Developing Skills, or Undeveloped Skills in the assessment activity.
- LO1
  - o Mastery 93%
  - o Developing Skill 0%
  - o Undeveloped Skill 7%
- LO2
  - o Mastery 93%
  - o Developing skill 3.7%
  - o Undeveloped skill 3.7%

Analysis

- In prior years 87% -94% of students exhibited mastery of LO1 and LO2. The results in 2012 are consistent with these results. Results of this assessment indicate continued successful achievement of learning outcomes 1 and 2.

LO7 - Assess the behavioral impact of accounting and taxation issues on organizations

Assessment Activity for LO7

- Response to essay, “Why pay managers to Lie?” Students are asked to clearly identify the author’s position in order to ensure that they understood the task. Students are then asked to assess the validity of the author’s opinion, take a position, and support with facts and class concepts.
- This basic activity, which has been revised over the years, has been used in assessments for 2009, 2010, 2011 and 2012.

Data Source

- Response to essay question on final exam in Accounting 213- Cost Accounting

Results

- Student responses indicate that 80% of students could correctly explain the author’s position that the use of budget targets in employee compensation formulas has dysfunctional results.

(The remaining students incorrectly stated that the author believes that budgets have dysfunctional results.)

- Mastery (41.7%): Students take a position, consider the positive and negative behavioral consequences, and support with concepts from class.
- Developing skill (37.5%): Student takes a position, considers the behavioral consequences, and uses the author's facts and at least one other class concept for support.
- Undeveloped skill (20.8%) Student takes a position but repeats back the author's examples for support. Does not consider concepts outside of what the author presented.

#### Analysis

- In 2009 a total of 44% of students showed a developing or mastery level skill for this learning objective. After refinements of the assessment tool and class interventions, the total of developing or mastery level skill increased to 75% by 2011.
- In 2012, we continue to see improvement with 79.8% of students exhibiting a developing or mastery level.
- Interventions in 2012 included spending more time in class on case analysis with emphasis on the need to concisely and persuasively use the accounting data to make recommendations. An in class case was added to help develop students' abilities to analyze data and prepare results.
- For 2012/2013, I plan to use more formalized writing assessments to address the weak writing skills noted in the case studies.

#### Assessment for 2012/2013

- Overall assessment results for LO 1, LO 2, and LO 7 have been completed over the past four academic years. Results have been good. In Academic Year 2012/2013 I plan to focus on the following Learning Outcomes:
  - o LO4 – Demonstrate knowledge of financial accounting standards and researching accounting issues.
    - This will be examined in Acct 218 – Intermediate Accounting and in Auditing
  - o LO 5 - Critically evaluate financial information included in the financial statements and disclosure notes.
    - This will be assessed in Introductory Financial Accounting using the annual report project and in Intermediate Financial Accounting.
  - o LO 6 - Link accounting data and general business knowledge together for decision making purposes.
    - This will be assessed in Cost Accounting case studies and in the Auditing class.
  - o LO 8 - Clearly communicate financial information, financial analysis, and recommendations written and orally.
    - This will be assessed in the written portions of the cases studies in Cost Accounting and Auditing.

### **Economics Assessment Outcomes - 2012**

Analysis of 1). Economics Principles and 2). Economics policies applications

(Prepared by Professors Eva Leeds, Sonia Aziz and Sabrina Terrizzi)

**Economics 152 – LO – Fundamental Concepts in Economics**

Question ID	Topic	Number Incorrect	Percent Incorrect	Percent Correct	Concerns
1	GDP	6	23%	77%	
2	Macroeconomics	0	0%	100%	
3	Microeconomics	2	8%	92%	
4	PPF	9	35%	65%	
5	Real Income	22	85%	15%	Answers contain language I have not used in the classroom.
6	Nominal Income	14	54%	46%	Answers contain language I have not used in the classroom.
7	Opportunity Cost	6	23%	77%	
8	Natural Rate of Unemployment	16	62%	38%	Answers contain language I have not used in the classroom.
9	Monetary Policy	3	12%	88%	
10	Fiscal Policy	9	35%	65%	
11	Externality	5	19%	81%	
12	Comparative Advantage	5	19%	81%	
13	Federal Budget Deficit	4	15%	85%	
14	Marginal Utility	7	27%	73%	
15	Elasticity	12	46%	54%	Not sure ... maybe too many similar answers here confused the students.
Total number of students taking survey: 26					
		Incorrect	Correct		
	Average	31%	69%		
	Median	23%	77%		

**Economics and Business Department Assessment Reflection:  
Sabrina Terrizzi**

Overall, the majority of the students correctly answered most of the assessment questions. This suggests that the average student leaving my class possesses basic knowledge regarding the fundamental topics in economics.

In occasional instances where I spent much classroom time on practical application, the average student still struggled to answer a question regarding basic terminology. In order to improve this outcome, I could spend some more time covering and testing basic material before diving into applications. It is imperative that students have the basic understanding before higher-level thinking and problem-solving applications are appropriate, and in some areas I could re-focus my lectures to ensure this is happening.

In other cases, the assessment questions used language that I did not use in the classroom; these questions were obvious from the overall poor performance. In these cases, I see two potential areas for improvement: 1 –communicate within the department to ensure a common, standard language is used to teach important concepts, and 2 –revisit the assessment questions to ensure they are appropriate in measuring the specific topical areas.

Sample Test Questions Used for Econ 152 for Learning Outcome Analysis

1. Gross Domestic Product measures

- A) Total sales of final products in an economy in a year.
- B) Total legal purchases in an economy.
- C) The sales on which tax was collected.
- D) The market value of all new, final goods and services produced in a given country over a given period of time.

2. Macroeconomics

- A) is the study of the major spending and procuring units of the economy?
- B) is the study of small social and economic units?
- C) examines how firms and consumers interact in individual markets.
- D) is the study of the major spending units of households?

3. Microeconomics studies

- A) how individual consumers or households interact with firms in markets.
- B) household spending only.
- C) small investment accounts.
- D) small economic and social units.

4. The production possibilities frontier is a

- A) graph that shows the combination of goods and services an economy can consume.
- B) graph that shows the combinations of goods and services an economy can produce in a given time period.
- C) graph that shows the combinations of goods and services an economy should produce.
- D) graph that shows the combinations of goods and services an economy should consume.

5. “Real income” refers to

- A) the net income received after taxes are paid.
- B) the net income received after both taxes and other deductions are paid.
- C) income before being adjusted for inflation.
- D) the purchasing power of income.

6. Nominal income is the

- A) normative amount that a worker should be paid.
- B) dollar value of pay.
- C) purchasing power of income.
- D) maximum amount a worker can be paid.

7. Opportunity cost is

- A) the value of the most desired alternative forgone to obtain a good or service, or to undertake an activity.
- B) the monetary value of obtaining a good or service, or to undertake an activity.
- C) the value of the least desired alternative forgone to obtain a good or service, or to undertake an activity.
- D) applicable to goods only and not to services.

8. The natural rate of unemployment is

- A) the unemployment rate when the economy is at short-run equilibrium.

- B) the full employment unemployment rate, a lower bound for unemployment, toward which the economy gravitates.
- C) the unemployment rate when there is no frictional or structural unemployment.
- D) the unemployment rate when the economy is in a recession.

9. Monetary policy refers to

- A) the actions by the Fed to change the unemployment rate by changing government spending and tax collections.
- B) the actions of financial intermediaries to change the money supply in order to maximize profits.
- C) the actions of the President to change the money supply to achieve the economy's macroeconomic goals.
- D) the actions by the Fed to change the money supply to achieve the economy's macroeconomic goals.

10. Fiscal policy is the intentional use of the government's

- A) power to tax and spend to alter aggregate demand to achieve policy goals such as full employment and inflation.
- B) power to tax and spend to achieve a balanced budget.
- C) power to tax and spend to alter aggregate supply to quickly achieve the full employment level of output.
- D) judicial power to tax and spend to alter aggregate demand to improve the intentional balance of trade.

11. An externality occurs when

- A) a cost of benefit falls on someone who is not part of the market transaction.
- B) a cost of benefit is internal to the market transaction.
- C) nonrenewable resources are exhausted.
- D) there are deadweight losses.

12. Comparative advantage exists

- A) if one individual or group has a lower opportunity cost of pursuing an activity than another individual or group.
- B) if one individual or group can exploit, or take advantage of, another individual or group's weakness.
- C) if one individual or group can produce more than another individual or group.
- D) when a comparison shopper sees a lower price in a particular store.

13. The federal budget deficit is

- A) the amount of federal government taxation in excess of the amount of federal government spending.
- B) the amount of federal government spending in excess of federal government revenue.
- C) an excess of federal demand over federal supply.
- D) equal to distributed and undistributed pre-tax income.

14. Marginal utility is

- A) the change in total utility associated with a one unit change in consumption.
- B) the change in total product associated with one additional worker.
- C) the overall satisfaction derived from consuming a product.

D) the change in total product associated with a one unit change in consumption.

15. An elasticity is a ratio that compares

- A) the percent change in a variable such as price to the percent change in quantity.
- B) the percent change in profit to the percent change in price.
- C) the absolute change in quantity to the absolute change in a variable such as price.
- D) the percent change in quantity to the percent change in a variable such as price.

## Economics Policy Assessment

### ECON 226: Intermediate Macroeconomics

Assessment of critical evaluation of policy using appropriate basic models

Eva Marikova Leeds

The textbook I have used for this course, *Macroeconomics* (by Olivier Blanchard), is very suitable for assessing students' ability to analyze policy. The role of fiscal and monetary policy is discussed throughout the text, and the final section of the book is entitled "Back to Policy."

- On the second exam, I asked students to graph the effects of both fiscal and monetary policy.

a. Assume the economy is in the medium run. Using the AD-AS model, graph the effects of expansionary fiscal policy in both the short run and medium runs. Explain all shifts. Label both axes!

b. Graph the effect of expansionary monetary policy in both the short and medium runs in the IS-LM model. Explain all shifts. Label both axes!

Finding: Students are able both to graph the effect of the policies and indicate why monetary policy, but not fiscal policy, is neutral in the medium run. They were, however, not able to explain the shifts of the curves, which are the impacts of the policies. Thus, I need to be able to describe more carefully the impact of policy changes on the economy to make them realize that the results do not occur in a vacuum but impact many agents along the way. In addition, I found that there were other impacts of policy that students could neither appreciate nor evaluate.

- We listened to one of the lectures that Ben Bernanke gave at George Washington University.

While the lectures are a bit dry for the typical undergraduate, Bernanke interspersed them with an occasional anecdote. One of the best anecdotes was about builders "demonstrating" when Paul Volcker raised interest rates.

During this period it was a common practice to mail to the Fed bits of 2x4s, and on the 2x4s it would say: Stop killing construction. Or save the farmer, or whatever it might be, because the high interest rates were having very negative effects on the economy. And I have a few of these on my desk just to remind me that inflation is a concern, and that we always have to pay attention to price stability

<http://economy.money.cnn.com/2012/03/22/bernanke-keeps-2x4s-on-his-desk-to-remind-him-of-inflation/>

Finding: The lesson Bernanke drew was that central banks must be independent. If Volcker were not appointed, he would be forced to lower interest rates in order to be reelected. While I did not test if students truly understood the importance of independent central banking, I referred to it many times, especially when covering the political business cycle. I believe that students understood how incentives work and how the desire to get elected changes the choices politicians make.

- On the last exam I asked students to explain time inconsistency of policy and to offer an example of their own. (What is time inconsistency of policy? Explain it in general and then provide an example we have not covered.)

Finding: I always cover time inconsistency of policy because I believe that it opens a new way to view policy. Students typically enjoy it, and it allows us to discuss international events. I never asked students for their own examples, but I found that they understood the issues raised by inconsistency very well. I was thus surprised that the examples they offered did not always fit the pattern of time inconsistency. They did not understand that the policy has to be conditional on a certain event occurring. I made sure to discuss this question when I returned the exam, and I found that they were eager to discuss it. I am thus confident that they will be able to recognize this problem in the future.

Recommendation:

Since policy evaluation is very important for macroeconomics, I should spend more time on it. Despite the policy orientation of the book, the emphasis is still on understanding the models as opposed to applying them. In light of the experience with time inconsistency of policy, I need to challenge students to apply these models in scenarios of their own making. Along the same lines, I think students need to see even more intuitive thinking about policy than the book offers.

For central bank independence, I will try to link it even more to the chapter on monetary policy to explain why countries with more independent banks have lower inflation rates.

For time inconsistency of policy, I will definitely ask students again to offer examples of their own. It is a fun exercise!

## Management Outcomes Assessment - 2012

(Prepared by Professors Katie P. Desiderio and Gary Kaskowitz and Santo Marabella)

### Introduction

In an effort to collect data with the intention of not only assessing our students, as ethical decision-makers, we (Katie P. Desiderio, Gary Kaskowitz and Santo Marabella) decided to replicate the study from 2011 using the same case, scoring method (including assurance of inter-rater reliability), distribution, and data collection. The case has a tri-level focus of assessing student's 1. ethical perspective in managerial decision-making, 2. ability to adopt inclusion as a managerial philosophy and practice, and 3. achieving *filter less* listening as a way of being (that is, listening to what's being said, without distortions & judgments).

During the Academic Year '11-'12, Gary Kaskowitz, Katie P. Desiderio and Santo Marabella agreed to the previously implemented process for measuring two pre-established outcomes for the management curriculum. Below is the report of our assessment.

### Management Outcome:

Outcomes to be measured were, once again, selected and framed the outcomes as follows:

Students in the management major need to:

1. Be able to identify, consider, and evaluate ethical implications:



- a. Identify ethical impacts as a typical component of decision-making criteria.
- b. Consider and evaluate the ethical impacts as part of all decision-making

**INFORMING**

11. Possess a general manager perspective to goal-setting, problem-solving and decision-making

**Summary:**

To measure the Management outcome(s) stated above, we used the same scenario and accompanying questions, scoring template, administration, and grading of the assessment before preparing this report of our findings.

*Scenario*

"I  Boobies" for a Cause: Working as a General Manager for a Fortune 500 company, you were informed that Dick, one of your supervisors who lost his wife, Jane, to breast cancer, was selling "I  Boobies" bracelets at work. The bracelets are supported by the Keep a Breast Foundation, and read "I  Boobies" on one side and "Keep a Breast" on the other, with "www.keep-a-breast.org" written on the inside. You went through college with Dick's wife, Jane, and remained close friends whereby you and your spouse would double date with the couple before your friend lost her 2-year battle to breast cancer. It has also been brought to your attention that some of the employees working in the company feel pressured to buy the bracelets because of Dick's role as their supervisor.

*Questions*

1. Identify what problem(s) this situation poses for you as the General Manager.
2. Which alternatives do you see for resolving the problem(s)?
3. What solution do you recommend? Why?

The assessment was administered to 45 of the 50 seniors enrolled in our capstone course, MGMT 365, at the end of the Spring 2012 semester. The assessment was graded (by Katie and Gary) using the grading template (attached). The results were interpreted and the report prepared by Katie and Gary.

**Results:**

Forty-five assessments were distributed and returned, yielding a 100% response rate; there were five students who did not participate due to absences. Katie or Gary scored each assessment; in an effort to calibrate scoring, five assessments were randomly selected and scored once by Katie and once by Gary.

<b>Respondents</b>	<b>Total Possible Score</b>	<b>Range</b>	<b>Mean</b>	<b>Mode</b>
45	50	2 to 45	25.6	30

Similar to last year's results, the average score was higher than 25 (a 50%), and the mode was also above a 25. Once again, this supports the general assertion that students demonstrated evidence of proficiency in more than half of the assessment. In assessing the recurring themes, both among students who participated this year and between students from 2011 and 2012, our interpretation about the results of the assessment is as follows:

*Recurring Themes*

There were recurring themes among 2012 student responses as well as between 2011 and 2012 student responses:

- The most prevalent concern of students was the *pressure* employees might feel in participating in the bracelet campaign as being unfair, and the possible consequences if they did not participate.
  - Identification of favoritism – either explicitly or implicitly - being a potential managerial problem was high in 2011 and not in 2012.
- Another recurring concern, year over year, was the lack of anonymity in knowing who did/did not get a bracelet.
- Similar to 2011, most students had difficulty seeing the *revenue impact*, positive and negative, of the bracelet campaign.
- Interestingly, the solutions offered both in 2011 and 2012 were practical and feasible, but usually only addressed the issue of not pressuring co-workers, not selling during work or onsite, having the company make a corporate contribution, and making purchasing anonymous were among the solutions offered most frequently. As with 2011 student responses, the responses lacked a strong rationale or support for the solutions offered.
- Students, once again, had difficulty responding to the prompts from a General Manager's position in terms of holistically capturing both managerial and ethical considerations.
- The corporate social responsibility component was less prevalent in 2012 than in 2011.
- The trend continued in 2012 of student responses that demonstrated a stronger awareness of the ethical components of the scenario than the managerial components.
- Students in 2011 and 2012 expressed a concern that the name of the bracelet, I □ Boobies, might be offensive to employees.
- Students' acknowledgement of supporting a grieving friend from a GM's perspective remained low.
- Similar to 2011, most students did not acknowledge the possible adverse impact on productivity from a managerial perspective.
- Unlike 2011, more student respondents in 2012 identified the personal and emotional implications to this opportunity.

### **Discussion & Implications**

The outcomes and implications are reviewed, specifically, in comparing the results to the established outcomes:

#### *Outcomes*

1. All managers must be able to identify, consider, and evaluate ethical implications:
  - a. Identify ethical impacts as a typical component of decision-making criteria.
    - STRONG EVIDENCE in support of Outcome #1 and #1a:
      - most students (41 out of 45 – 91%) were able to recognize and validate the ethical implications of this scenario
      - the majority of students did well at identifying both the ethical and managerial challenges that the scenario created
  - b. Consider and evaluate the ethical impacts as part of all decision-making

- WEAK EVIDENCE in support of Outcome #1b:
  - students had difficulty bridging ethical impacts with managerial decisions

#### INFORMING

11. Possess a general manager perspective to goal-setting, problem-solving and decision-making
- WEAK EVIDENCE - goal-setting
  - STRONG EVIDENCE - problem-solving
  - STRONG EVIDENCE - decision-making
  - WEAK EVIDENCE – general manager perspective

#### *Implications*

- We continue to be encouraged by the prevalence of the imperative ethical perspective held by our students; it indicates students have the willingness and ability to employ an ethical framework in their decision-making as managers. We will encourage this to continue through our teaching and serving as ethical exemplars to students.
- We continue to explore our management curriculum in terms of encouraging our students to think and make decisions using a holistic general manager's perspective.
  - Provided the weak evidence that our students can think and make decisions with the bigger picture in mind, we will work on encouraging these connections in and out of the classroom.
- We believe that students continue to identify problems and create workable solutions to these opportunities.

#### **Recommendations**

Considering the recurring positive ethical implications of the assessment results, year over year, we are encouraged by our students' awareness and ability to effectively identify moral concerns in the case presented to them. We (Gary, Katie, and Santo) have embraced the imperative nature of keeping ethics at the forefront of our teaching and will encourage such ethical considerations in management, both as actors and as decision makers. This practice continues to be embedded in our teaching strategies through lectures, applied case studies, group activities, class discussion/debate, hands on learning projects, and in new course development; we currently offer two U2 courses in Management.

Last year, we asserted that students' displayed a generalized inability to bridge ethical impacts to managerial decision-making and, based on our findings for 2012, we continue to have room for improvement in these areas. Our efforts to encourage reflective thinking in exercises, case studies, and assignments given to students persists, as proficiency is not the issue. Rather, an awareness of the interrelatedness and interdependence between ethical and managerial components of decision-making continues to be an opportunity for us. Provided the recurring themes, we need to be more deliberate in developing this managerial consciousness through the aforementioned teaching strategies.

Bearing in mind students' responses, from 2011 and 2012, to the assessment questions that evaluated outcome #11 (a general manager perspective that assumes an interconnection among goal-setting, problem-solving and decision-making), the results continued to fluctuated per content area. While there was weak evidence for students' demonstration of effective goal-setting and an

overall general manager's perspective, we found strong evidence for their ability to problem solve and make decisions in these areas. Provided the Moravian Promise to provide: a strong, personalized academic major, hands-on learning opportunities, and an environment that promotes the development of a deeper enjoyment of life, we have an opportunity to fully embrace each. The pedagogical practices that we employ must continue to encourage student curiosities, connecting theory and practice, using an ethical lens. We remain committed to enhancing students' exposure to real-life applied learning opportunities aimed to develop their awareness in weak areas, namely goal-setting and an overall general manager's perspective.

Experience continues to be a limitation in our findings, as many of the students being assessed have not yet worked as general managers; however, we are committed to holistically developing this as a learned perspective. It continues to be encouraging that students in the Management major have gained the competencies necessary to identify both ethical and managerial problems. The natural progression of leadership development in one's career will also enhance students' awareness of how to effectively make decisions based on the ethical and managerial implications they identify. It is our commitment to continue to heighten their knowledge, skills, and attitudes (KSAs) in these areas.

We continue to be encouraged by the ethical lens used by our students as aspiring business professionals and we will continue to embed *good work* in our teaching. Based on this assessment, and the consideration of last year's findings, we will continue our focus for the next 2+ years and concentrate on the following:

- the ability to bridge the gap of ethical impacts with managerial decisions
- the competency of goal-setting
- possessing a general manager perspective that influences managerial behavior and decisions