

**College of Business  
Finance  
Program Review  
January 28-29, 2021**

**Review Team**

**Betty Simkins (Oklahoma State University)  
Christopher Anderson (University of Kansas)  
William Kalies (Florida Atlantic University)**

**OVERVIEW**

On January 28-29, 2021 the team of Dr. Betty Simkins, Dr. Christopher Anderson, and Dr. William Kalies reviewed the FAU College of Business's Department of Finance. The department chair, Dr. Emilio Zarruk, provided the reviewers with a self-study and other documentation. A detailed itinerary was provided, and the department chair and his faculty together with Sharon Brown, Asst. VP of Finance & Admin, provided exemplary logistical support. The review team met virtually with the following:

- Russell Ivy, Senior Associate Provost for Programs and Assessment
- Daniel Gropper, Dean, College of Business
- Edward Pratt, Dean, Undergraduate Studies
- Robert Stackman, Dean, Graduate College
- Paul Hart, Associate Dean for Academic Affairs, College of Business
- Siri Terjesen, Associate Dean for Research and External Relations, College of Business
- Kenneth Johnson, Associate Dean for Graduate Programs, College of Business
- Marc Rhorer, Assistant Dean for Accreditation & International Programs, College of Business
- Vegar Wiik, Assistant Dean for Academic Programs and Executive Director of Executive Education, College of Business
- Karin Scarpinato, Senior Associate Vice President for Research
- Sybil Alfred, Director of Executive Education, College of Business
- Emilio Zarruk, Chair, Department of Finance
- Faculty: Sophia Johan, Assistant Professor; Anna Agapova, Associate Professor; Scott Barnhart, Associate Professor; David Javakhadze, Associate Professor; Ping Cheng, Professor; Rebel Cole, Professor; Douglas Cumming, Professor; Luis Garcia-Feijoo, Professor; Antoine Giannetti, Professor; Anita Pennathur, Professor; Charles Yang, Professor; Rainford Knight, Instructor; Anna Pomeranets, Instructor; Travis Jones, Adjunct; and Jane Schappert, Adjunct.
- Graduate and undergraduate students

The findings below are based on a review of the self-study document and the information shared by faculty, students, and administrators during the January 28<sup>th</sup> and 29<sup>th</sup>, 2021 review.

## **STRENGTHS OF THE DEPARTMENT**

- The faculty has a large number of research-active tenure-track faculty members – all tenured or soon to be so – and several experienced non-tenure track faculty.
- Recent faculty hires at the senior professor level have enhanced the research profile of the department.
- Non-tenure track faculty are experienced and engaged, and they feel valued by the department for their contributions.
- While slightly unorthodox in the mix of required and elective coursework, the undergraduate curriculum comprises demanding and rewarding courses.
- Undergraduate programs are delivered at an efficient scale with efficient throughput.
- The Masters of Science in Finance program is a so-called market-rate program designed to be resource-positive for the institution. The program seems to be well-positioned and thriving in a highly competitive regional market for Masters-level programs.
- The Ph.D. program is large, contributes heavily to the teaching mission, and has a consistent record of academic placements, mostly at institutions that place an emphasis on teaching rather than research excellence.

## **CHALLENGES/THREATS FACED BY THE DEPARTMENT**

- Some tenure track faculty members noted that they were stretched thin in delivering too many academic programs.
- Several of the faculty members suggested that there was not enough support for research in terms of databases and journal subscriptions beyond the most basic data service subscriptions, further indicating that this was symptomatic of weak overall research support at the university level.
- A perception of higher research expectations for promotion and tenure has negatively affected faculty cohesiveness and morale among associate professors.
- The department chair and the faculty members do not seem to possess much in the way of agency over the resources they generate and utilize – or resources that they could generate through external development activities. Instead, there was a sentiment that the college or university centrally controlled budgets and resources, external development, and Ph.D. program structure and funding.
- The undergraduate finance major curriculum has an unorthodox imbalance in the mix of required and elective courses, preventing finance students from specializing in their programs of study toward desired career paths.
- Co-curricular engagement involving the department's faculty and undergraduate students does not appear to be highly structured.
- There is not a structured and strategic effort to develop external relations to enhance the department and promote co-curricular engagement by students.

## **PROGRESS ON RECOMMENDATIONS FROM PREVIOUS PROGRAM REVIEW**

The previous program review was conducted in 2014. With one exception, the department has

made progress toward responding to the recommendations of that review and to fulfilling the objectives regarding personnel, curriculum, and outreach. Specifically,

- The undergraduate curriculum was revised to eliminate a financial services concentration and modify the set of elective courses.
- Assessment and assurance of learning practices were reviewed and found to be sound.
- The Ph.D. program was enhanced by requiring additional coursework in economics and econometrics. However, the targeted four-year duration of the program has not changed nor has a high Ph.D. student teaching requirement. One faculty member reported that Ph.D. students struggle to squeeze in the new course requirements early in their programs of study.
- The department successfully increased the number of undergraduate finance majors across programs and campuses.
- Recent senior faculty hires have elevated the research profile of the department and are anticipated to enhance the ability to recruit, train, and place Ph.D. graduates.
  
- However, the objective of promoting a student-managed investment fund and a course linked to it has not been sustainably achieved. No investible funds have been raised. The course remains a special topics course without a permanent course number and description, and it has not been offered following the death of the adjunct faculty member who had been teaching it.

## **RECOMMENDATIONS CONCERNING SELF-STUDY GOALS AND QUESTIONS**

Question 1 directed at the review team asked how the department could better equip students for a changing and competitive job market. Question 2 asked for comment on the structure of required and elective courses in the undergraduate curriculum. Question 9 requested ideas for initiatives to strengthen the department's relationship with the finance sector in south Florida. The first three recommendations address these questions.

### **1. Consider restructuring the undergraduate curriculum.**

The undergraduate program's structure of five (5) major courses plus one (1) elective course from a list of six (6) appears anomalous relative to peer schools and to a broader set of programs familiar to the review team. Such a structure does not allow students to differentiate themselves or to signal focused preparation for alternative career tracks.

In contrast, other undergraduate finance programs typically require only two or three major-specific courses in investments, corporate finance, and sometimes financial markets/institutions, but they then allow student choice among a broad set of electives within the major. Sometimes these elective combinations compose formal or informal "tracks" that align with career paths for graduates, for example in investment management, business finance, investment banking/private equity, commercial banking, real estate, or insurance and risk management.

There do not appear to be any current courses that are obvious candidates to exclude from the mix of electives, although exposing some currently mandated courses to student choice would

reveal which courses may require more or fewer sections. However, offering some challenging new electives designed to appeal to the most talented and ambitious students would allow FAU to develop a higher reputation pipeline of such students to demanding employers in the local financial community that might be otherwise reluctant to hire from FAU.

One such course might be an advanced business valuation course, as it is not clear that the current curriculum allows students interested in ambitious career paths such as investment banking or private equity to develop advanced financial modeling and valuation skills.

Another challenging course would be the one identified in the last curriculum review, namely a class associated with a student-managed investment fund. However, this goal has not been sustainably realized in terms of obtaining investible funds, securing a permanent course number and description, or identifying faculty to teach such a class after the recent passing of an engaging adjunct teacher. Offering such a course on a restricted enrollment basis to high-performing undergraduate students -- perhaps in a joint class with graduate students -- in a formal or informal investments track might make sense.

In addition, finance employers increasingly place a premium on technical skills such as advanced Excel skills, financial modeling, and data analysis. Some finance programs at other institutions have introduced dedicated courses in which undergraduate students develop such skills. The department should investigate whether such skills might be best acquired in a dedicated course (e.g., financial modeling and analysis) or by diffusing or scaffolding acquisition and application of such skills throughout the finance major curriculum.

Finally, providing students more elective choice – among formal or informal tracks of electives – would require that students be made aware of alternative career paths in finance so they can make informed choices. Making sure that students are advised appropriately by academic advisors and informed through co-curricular programming early in their academic careers would be required. The next two recommendations address this challenge.

## **2. Develop a finance department advisory board.**

Several faculty members – both tenure track and non-tenure track – identified personal or professional relationships with finance professionals from local firms or organizations that they leverage for the advantage of their students, often in the classroom as guest speakers. However, there did not seem to be a structure for developing and managing these relationships in a systematic way that would benefit the department and students strategically.

A departmental advisory board frequently is used as a vehicle for such engagement. Most business schools have active advisory boards for their accounting programs. The clustering of major accounting employers and the deeply grooved career paths for accounting graduates (e.g., public accounting and consulting) facilitate the founding and operation of such boards.

Finance careers and finance employment channels are more diverse than for accounting, which makes assembling and managing a finance advisory board challenging in some respects. Board members could be drawn from a mix of successful alumni, current or prospective employers of FAU finance graduates, and junior associates of top finance executives who serve on the dean's

advisory board – across a mix of firms and career paths. To connect with students more effectively, it would be advisable to purposefully include some younger professionals and mid-career professionals as opposed to solely late-career or retired professionals.

The board’s agenda would be to pay dues or otherwise raise private funds for targeted departmental initiatives, advise the department chair and faculty on strategic initiatives – perhaps with subgroups focused on undergraduate vs. masters programs, and to interact with students in co-curricular events and events organized by the college’s career services center.

Helping to develop and deliver co-curricular programming for students would be the advisory board’s most important function. In particular, students – as early as sophomore or even freshman year -- need to develop informed opinions about careers in finance, the aptitudes and skills required for success, and how they can map their way through the undergraduate finance curriculum toward their desired goals. Interaction with working professionals motivated to serve as mentors is key to that process.

Getting a departmental advisory board started, cultivating relationships with board members, and managing its ongoing activities are costly activities. In general (not just at FAU), most faculty members possess neither the talent nor inclination for this kind of leadership and service. Therefore, key tasks for the department would be to identify who would best lead this effort, structure that person’s position description and targeted allocation of effort appropriately, and identify other College of Business team members to assist (e.g., from career services, dean’s office, and the external development entity).

### **3. Enhance student organizations and co-curricular programming.**

There is no discussion about undergraduate student organizations or co-curricular programming in the self-study document. This may just be an omission, but the small number of students the team interviewed suggested that there is not a formal student organization such as an FMA student chapter. One student suggested that he was a member of a privately organized and by-invitation student club focused on private equity.

The department should look for opportunities to invigorate and sustain student organizations and co-curricular opportunities. In addition to a general finance club such as an FMA student chapter, more focused student organizations should be encouraged, such as a women in finance group or career-focused organizations such as an investment club or private equity club. Success in this dimension would require cultivation of student leaders and involvement of faculty advisers, career services staff, and external partners such as advisory board members and members of the local business community.

### **4. Suggestions for the Ph.D. program in finance**

Questions 3, 4, 5, and 8 in the self-study report were directed at the Ph.D. program. We realize that FAU will have another team conduct a separate evaluation for the college’s Ph.D. programs. Our comments here will focus on the finance department. Questions are in italics, and our responses are in regular font.

*Should the Ph.D. program be five years instead of four? Or should we offer a one-year postdoctoral fellowship to students who defend prior to the end of their fourth year?*

Five years seems to be more common now in Ph.D. programs, especially for finance programs endeavoring to place students with the best possible research potential and more mature portfolios of papers and projects. A fifth year provides candidates more time to publish articles on their own or as coauthors with faculty members prior to going on the market. Does the department have a goal to enhance prestige of placement by having more placements beyond the more commonly observed placement at schools with a heavy emphasis on teaching instead of research? If so, then lengthening the program to allow more time for research maturation should be considered. However, offering a post-defense doctoral fellowship may not be an effective way to assist students, as that is not likely to be viewed by prospective employer institutions as a signal of strength.

*Should teaching requirements in the Ph.D. program be changed, perhaps with the same requirements overall but spread out over five years?*

For doctoral students seeking to place at teaching-heavy institutions, a diverse portfolio of teaching experiences can be helpful. However, the teaching load for Ph.D. students at FAU seems very heavy. Many Ph.D. programs in finance offer students a research year in which they are funded but not asked to teach or assist with teaching. This provides more time for Ph.D. students to develop working papers, have papers under review, and in some cases even have papers accepted for publication. Again, if the department aspires to recruit better students and place them more frequently at research-focused institutions, then the current teaching load should be reduced.

*Given the Covid-19 pandemic and anticipated difficulty in placing student, should enrollment in the Ph.D. program be reduced?*

The size of the finance Ph.D. program seems larger than other departments of similar reputation and faculty size. Is a goal to have Ph.D. students to deliver lots of undergraduate courses as teachers and then place them at teaching-focused institutions? Or is the goal more selectivity in recruitment, higher research reputation, and better placements? Are most or at least several faculty members devoted to the task of advising and working with such a large number of Ph.D. students? The answer to this last question was not clearly addressed in our interviews. For example, one accomplished faculty member stated that he viewed Ph.D. students as a complement to his research efforts, another saw doctoral students as a potential detriment to his productivity, and another said that faculty workload in advising Ph.D. students was uneven with only a few faculty members actively involved as advisors and committee members. We recommend that more work be done among the finance faculty on these questions to achieve faculty consensus and buy-in regarding the goals, size, and structure of the Ph.D. program.

*Should we require a teaching course in the Ph.D. program? It seems to be an outlier relative to other programs.*

Forthcoming AACSB guidelines will require more formal training of Ph.D. students in the area of teaching. Consequently, adaptation of the current teaching course to emerging AACSB

demands will be required.

*Do you have any best practices you can share with how to increase the diversity of our faculty and staff profile? How we can attract more minority students to our Ph.D. program?*

FAU's designation as a Hispanic-Serving Institution should be leveraged, reinforced, and reflected among the faculty, staff, and students. However, recruiting with diversity for tenured finance faculty is a difficult challenge given the demographics for finance Ph.D. graduates entering the academic job market each year. Recruiting for diversity among non-tenure-track faculty might prove more fruitful, especially for the undergraduate student experience if student co-curricular engagement were included in the allocation of time and effort in the position descriptions for non-tenure-track faculty.

We recommend that the department create a more formal Ph.D. recruiting program, with a goal of achieving more ethnic and gender diversity in the finance concentration. Currently, most Ph.D. students in the finance concentration would be classified as white males. Lack of diversity also impacts placement. Having a formal approach takes time, but it will help when competing with more established programs to attract the higher quality Ph.D. students.

The department should continue to recruit female students to the Ph.D. program. In fall 2018 there was one female student, but by fall 2020, there were four (24%). This is a good increase, especially given that the field of finance typically has a high percentage of male students.

We recommend recruiting more Black and Hispanic Ph.D. students. Based on the information provided for fall 2020, there is one Black student in the program and no Hispanic or Latino students. These students are generally underrepresented in the hiring pool, and they might potentially have improved opportunities upon graduation. One way to recruit African-American students is through the Ph.D. Project held annually in Chicago each November. An alternate approach would be to focus recruiting attention on high quality regional schools that do not offer a doctoral program. Perhaps target regional schools for recruiting that have been historically Black or minority.

The department may want to consider offering some higher scholarships/fellowships to selective doctoral students. Recruiting from one to a few exceptional and highly motivated students with enhanced support packages should be considered as a strategy. Such students raise the bar for all other students, and they are likely to have improved placement opportunities after graduation

## **5. Other Questions and Recommendations**

Questions 6 and 7 to the review team concerned the impact of technology and online course delivery on faculty ownership of course content and teaching loads. Like all institutions adapting to the demands of the COVID-19 pandemic, FAU has no doubt developed new capabilities and accelerated progress toward more effective integration of technology in its teaching mission. However, these issues are not specific to the finance department, and the review team was not provided any materials that would allow us to address these issues.