

FBE 405: Behavioral Finance
Fall 2022
Monday Wednesday, 2:00–3:50 PM JFF 417, 4 Units

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Course Description

Behavioral finance studies how the psychological biases of investors and managers affect financial decisions and markets. This course covers scientific evidence about what causes misvaluation, how investors can exploit market inefficiency in their trading decisions, how managers can address market mispricing in corporate financing and investment decisions, and how managers can correct for their own biases. To prepare students for practical financial decision making, the course has a quantitative component that includes factor models, portfolio theory, risk-adjusted discounting, and statistical data analysis, including regression methods. The course primarily involves lecture, discussion, in-class exercises, and student presentation, which will be applied to real-world examples and evidence.

Learning Objectives

Through lecture, readings, and assignments, students will be able to:

1. Understand some key principles of psychology relevant for financial markets.
2. Understand some key aspects of how psychological processes affect the decisions of individual and institutional investors and other market participants.
3. Understand some key aspects of how psychological processes affect equilibrium prices and other market outcomes in financial markets.
4. Understand some key aspects of how psychological processes affect firm and managerial behavior.
5. Be able to apply these concepts to applied financial problems, including appropriate data analysis in support of well-considered decisions.

Required Materials

Required readings are listed in the class schedule at the end of this syllabus. I will post a version of the lecture slides on Blackboard the night before each class. The slides provide a detailed outline of the lecture, but not an exhaustive summary of it.

Readings are usually downloadable from the web, and may also occasionally be made available on Blackboard. If you have any questions or need assistance with the Blackboard Course Pages, please contact the Marshall HelpDesk at 213-740-3000 (option 2) or HelpDesk@marshall.usc.edu. Alternatively, (213) 740-5555 will get you the USC ITS Help Desk.

Catch-up and Optional Additional Background Material

If you want further background in the finance field, useful references include Bodie, Kane, and Marcus, Investments, Grinblatt and Titman, *Financial Markets and Corporate Strategy* (corporate finance and investments), Brealey and Myers, *Principles of Corporate Finance* (corporate emphasis), and Welch, *Corporate Finance: An Introduction* (available free online!) <http://book.ivo-welch.info/>

Prerequisites and/or Recommended Preparation:

Prerequisites: BUAD 215 or BUAD 306 or BUAD 308. Requirements are familiarity with stocks, bonds, portfolio theory, CAPM, basic discounting and project evaluation, the efficient markets hypothesis, and basic economics. Algebra, probability theory and statistics. For example, the concepts of probability distribution, conditional probability, expected value, and covariance. Ability to perform statistical calculations using software such as Excel to analyze data, including univariate and multivariate regression. A regular standard-feature calculator is required for the course; a financial calculator is not required.

Course Notifications:

Class notifications and information will be posted on Blackboard.

Grading Policies:

Consistent with Marshall grading policies, grades for the class are expected to average around 3.5.

<u>Assignments</u>	<u>Points</u>	<u>% of Overall Grade</u>
Team Debate Projects (2)	24	24%
Midterm Exam	25	25%
Trading Strategy Project	16	16%
Final Exam	35	35%
TOTAL	100	100%

CLASS PARTICIPATION

Your active participation is vital to your learning the material, your learning how to communicate as a professional, and for the success of the class. Your being prepared provides a benefit to your classmates, so please be ready to contribute to discussions. But please do not feel that you need to wait to speak up until you have an exceptional comment. Even straightforward questions and tentative ideas advance the class discussion. For those who find speaking up uncomfortable, I encourage you to take this opportunity to practice. It pays off!

During class sessions, I often assume the role of a facilitator to encourage a useful discussion. The direction and quality of a discussion is the *collective responsibility of the class*.

ASSIGNMENTS

Assignments must be turned in on the due date/time electronically via Blackboard. If the assignment is a team assignment, only one assignment is turned in for the whole team. Completed assignments should use word processing and/or spreadsheet software (e.g., Microsoft Word and Excel).

Any assignment or assignment component turned in late, even if by only a few minutes, will receive a grade deduction (for example, if your work is a B+ grade, you will be given a C+ grade). If your internet breaks down on the due date, you must deliver a hard copy at the beginning of class on that day. If you are unable to attend class on that day, please arrange for it to be delivered to the classroom or to my box by the start of class. Late or not, however, you must complete all required assignments to pass this course.

Evaluation of Your Work:

I will do my best to evaluate assignments fairly and objectively. If you feel that an error has occurred in grading of any assignment, you may, within one week of the date that the assignment is returned to you, send me a memo electronically (no handwriting please) requesting a regrade. Attach the original assignment to the memo and explain clearly and carefully why the assignment should be regraded. Reevaluation can result in a positive or negative grade adjustment.

TEAM PROJECTS

Students will be assigned to teams. If you want to change teams (perhaps for scheduling reasons), please contact the Teaching Assistant.

Team Debate Projects:

There will be debates about issues in applied behavioral finance. Each team will be assigned to a pro or con side of the debate. The team will prepare a two-page (double-spaced) Executive Summary and PowerPoint slides of the argument in favor of their side. The team will present their argument, hear the presentation of the opposing side, and will have the chance to give a rebuttal to the arguments of the other side. Time permitting, each side will also be able to pose questions to the other side and to reply to audience questions.

Note: For most issues, the pro and con sides of the debate are not equally easy to make. Grades are based on the quality of the work, which can be equally good on both sides of the case.

Graded Components:

Executive Summary, PowerPoint Slides and Presentation (arguments, clarity)

Responses to the Audience and Opposing Side (arguments, clarity, civility)

Trading Strategy Project

Each team will use stock market and accounting data to develop their own trading strategies. The team will perform statistical analysis to evaluate the performance of their strategy using the

methods covered in class. The team will prepare a two-page (double-spaced) Executive Summary of their approach and the strengths and weaknesses of their strategy, as well as PowerPoint slides, and teams will present their trading strategies to the class.

Note: The grade is based on the quality of the work, which is not measured solely by a single statistical measure such as the “alpha” of the strategy.

Graded Components:

Executive Summary, PowerPoint Slides and Presentation (creativity, quality of economic and statistical analysis, clarity)

EXAMS

Exams will be in class, closed books/closed notes. Calculations will be required. More information will be provided prior to the exam.

COURSE CALENDAR

* = Optional Reading

	Topics/ Daily Activities	Readings and Assignments	Deliverables with Due Dates
<p>Week 1 8/22, 8/24</p>	<p>1a: Introduction to Behavioral Finance 1b: Trading Strategies and Returns</p>	<p>Review previous courses materials or textbooks on statistics, investments.</p> <p>“Behavioral Finance,” David Hirshleifer, <i>Annual Review of Financial Economics</i>, Vol. 7:133-159, December (2015). [Read pp. 133-6 through end of Section 2]</p> <p>“Investor Psychology and Asset Pricing,” Hirshleifer, David. <i>Journal of Finance</i>, 2001. [Read pp. 1533-1538].</p> <p>“Investor Psychology in Capital Markets: Evidence and Policy Implications,” Kent Daniel, David Hirshleifer and Siew Hong Teoh, <i>Journal of Monetary Economics</i> 49(1), (2002):139-209. [Read pp. 140-141]</p> <p>“Behavioral Corporate Finance: An Updated Survey.” Baker, Malcolm, Richard Ruback, and Jeffrey Wurgler (2004), [Read pp. 1-3]</p> <p>“Overconfident Investors, Predictable Returns, and Excessive Trading,” Kent Daniel and David Hirshleifer, (2015), <i>Journal of Economic Perspectives</i>, 29(4):61-88. [Read pp. 61-63 (last complete paragraph)]</p>	

		<p>“Richard Thaler is a controversial Nobel prize winner – but a deserving one.” Robert Shiller, <i>The Guardian</i>, Wednesday October 11, 2017.</p> <p>“Nobel in Economics Is Awarded to Richard Thaler,” Binyamin Appelbaum, <i>New York Times</i>, October 9, 2017 (USC students have digital access to NY Times)</p>	
Week 2 8/29, 8/31	<p>2a: Portfolio Theory, the CAPM, and Performance Measurement</p> <p>2b: Factors and Factor Models</p>	Continue to review previous courses materials or textbooks on statistics, investments.	
Week 3 9/5, 9/7	<p>3a: LABOR DAY HOLIDAY</p> <p>3b: The Efficient Markets Hypothesis, Mispricing, and Asset Return Anomalies</p>	<p>“Behavioral Finance,” David Hirshleifer, <i>Annual Review of Financial Economics</i>, Vol. 7:133-159, December (2015). [Read p. 138, sections 4.2.2 and 4.2.3]</p> <p>“Overconfident Investors, Predictable Returns, and Excessive Trading,” Kent Daniel and David Hirshleifer, (2015), <i>Journal of Economic Perspectives</i>, 29(4):61-88. [Read p. 68]</p> <p>“Investor Psychology in Capital Markets: Evidence and Policy Implications,” Kent Daniel, David Hirshleifer and Siew Hong Teoh, <i>Journal of Monetary Economics</i> 49(1), (2002):139-209. [Read pp. 147-9; 158; 175-180]</p>	
Week 4 Dates 9/12, 9/14	4a: The 3-Factor Model and Limits to Arbitrage;	“Common risk factors in the returns on stocks and bonds,” Fama, E. and K.	Due 9/12: Executive Summary for Opportunism Debate

	4b: Limits to Arbitrage II	<p>French, 1993, <i>Journal of Financial Economics</i> 33, 3-56. [Read pp. 3-16 (skip Subsection 2.1.1), 19-22, 24-26, 31-8, 40-41 (skip Subsection 5.2), 53-55. Ignore RMO and bonds (TERM and DEF). You need to understand the tables and their variables, but not all the statistical analysis.]</p> <p>“How the really smart money invests,” <i>Fortune</i> July 6, 1998. [But only skim the “human interest” material]</p>	
Week 5 9/19, 9/21	<p>5a: CLASS DEBATE: Opportunism by Firms and Advisors, and Investor Irrationality</p> <p>5b: How Do Investors and Managers Think? Heuristics, Biases, and Behavior I</p>	<p>“Behavioral Finance,” David Hirshleifer, <i>Annual Review of Financial Economics</i>, Vol. 7:133-159, December (2015). [Read pp. 136-7; pp. 140-146]</p> <p>“Investor Psychology and Asset Pricing,” David Hirshleifer, <i>Journal of Finance</i>, 2001, [Read pp. 1539-54]</p> <p>*Kahneman, Daniel and Mark W. Riepe, “Aspects of investor psychology,” <i>Journal of Portfolio Management</i>, Summer 1998, 24 (4):52-65.</p> <p>*Ben-David, Itzhak, John R. Graham, and Campbell Harvey, Managerial Miscalibration, Ben-David, Itzhak and Graham, John R. and Harvey, Campbell R., <i>Quarterly Journal of Economics</i>, 2013.</p>	
Week 6 9/26, 9/28	6a: How Do Investors and Managers Think?	“Investor Psychology in Capital Markets: Evidence and Policy Implications,”	

	<p>Heuristics, Biases, and Behavior II; 6b: Midterm Review</p>	<p>Kent Daniel, David Hirshleifer and Siew Hong Teoh, <i>Journal of Monetary Economics</i> 49(1), (2002):139-209. [Read Section 2.1, pp. 144-147]</p> <p>“Overconfident Investors, Predictable Returns, and Excessive Trading,” Kent Daniel and David Hirshleifer, (2015), <i>Journal of Economic Perspectives</i>, 29(4):61-88. [Read pp. 63 (last paragraph) through 68 (just the top)]</p> <p>* Itzhak Ben-David David Hirshleifer, “Are Investors Really Reluctant to Realize Their Losses? Trading Responses to Past Returns and the Disposition Effect,” <i>Review of Financial Studies</i>, 25(8), August 2012, pp. 2485–2532. (Only introduction.)</p>	
<p>Week 7 10/3, 10/5</p>	<p>7a: MIDTERM EXAM 7b: Limited Attention I: Heuristic Simplification</p>	<p><u>Readings not required until after midterm:</u></p> <p>“Investor Psychology and Asset Pricing,” Hirshleifer, David. <i>Journal of Finance</i>, 2001. [Read 1563-4, 1568-71]</p> <p>Hirshleifer, David & Teoh, Siew Hong, 2003. “Limited attention, information disclosure, and financial reporting,” <i>Journal of Accounting and Economics</i>, 36(1-3), pp. 337-386, December. [Read from start of paper until p. 347, stopping before equation (1)]</p>	

		<p>*Bernard, Victor L. and Thomas, Jacob K., “Evidence that Stock Prices Do Not Fully Reflect the Implications of Current Earnings for Future Earnings, <i>Journal of Accounting and Economics</i>, 1990, 13, 305-340.</p> <p>*Ali, Usman and Hirshleifer, David, “Shared Analyst Coverage: Unifying Momentum Spillover Effects,” <i>Journal of Financial Economics</i> 136(3), June 2020, 649-75.</p>	
<p>Week 8 10/10, 10/12</p>	<p>8a: Trading Strategy Project Orientation 8b: Limited Attention II: Blatant Errors</p>	<p>*Cooper, Michael J., Orlin Dimitrov, and P. Raghavendra Rau, 2001, “A Rose.com by any other name,” <i>Journal of Finance</i> 56, 2371-2388.</p> <p>*Rashes, Michael S., 2001, Massively confused investors making conspicuously ignorant choices (MCI - MCIC), <i>Journal of Finance</i> 56, 1911-1928.</p>	
<p>Week 9 10/17, 10/19</p>	<p>9a: Overconfidence and Aggressive Trading 9b: Underreaction and Overreaction</p>	<p>Barber, B. and Odean, T., “The Courage of Misguided Convictions: The Trading Behavior of Individual Investors,” <i>Financial Analysts Journal</i>, 55(6), 1999, 41-55.</p> <p>“Momentum,” Narasimhan Jegadeesh and Sheridan Titman, <i>Annual Review of Financial Economics</i>, Vol. 3:493-509 (December 2011). [pp. 493–497 (before Section 3); and p. 502 (Section 8) through 503 (before 8.1)]</p>	<p>Due 10/17: Executive Summary for Mispricing and Bubbles Debate</p>

		<p>“Investor Psychology in Capital Markets: Evidence and Policy Implications.” Kent Daniel, David Hirshleifer and Siew Hong Teoh, <i>Journal of Monetary Economics</i> 49(1), (2002):139-209. [Read pp. 159-61]</p>	
<p>Week 10 10/24, 10/26</p>	<p>10a: Mood and Feelings; 10a: Behavioral Corporate Finance I</p>	<p>“Behavioral Finance,” David Hirshleifer, <i>Annual Review of Financial Economics</i>, Vol. 7:133-159, December (2015). [Read Sect. 6 (pp. 46-8)]</p> <p>“Behavioral CEOs: The Role of Managerial Overconfidence,” Ulrike Malmendier and Geoffrey Tate, <i>Journal of Economic Perspectives</i>, Vol. 29, No. 4, Fall 2015, (37-60).</p> <p>“Behavioral Corporate Finance: An Updated Survey.” Baker, Malcolm, Richard Ruback, and Jeffrey Wurgler (2004), [Read pp. 385-7; 390-5 (Section 3.4)]</p> <p>“Behavioral Finance,” David Hirshleifer, <i>Annual Review of Financial Economics</i>, Vol. 7:133-159, December (2015). [Read Section 7 (pp. 148-151)]</p> <p>*Alex Edmans, Diego Garcia and Oyvind Norli, Sports Sentiment and Stock Returns, <i>Journal of Finance</i>, 2007, 62(4), 1967-98.</p>	

		*David Hirshleifer and Tyler Shumway, “Good Day Sunshine: Stock Returns and the Weather,” <i>Journal of Finance</i> , 2003, 58(3), June 2003, 1009-1032.	
Week 11 10/31, 11/2	11a: CLASS DEBATE: Mispricing and Bubbles 11b: Behavioral Corporate Finance II	*Malmendier, U. and Tate, G., 2005, “CEO Overconfidence and Corporate Investment,” <i>J. Finance</i> , December, 60(6), 2661-2700. *David Hirshleifer, Angie Low, and Siew Hong Teoh, 2012, “Are Overconfident CEOs Better Innovators?” <i>J. Finance</i> , 67(4).	
Week 12 11/7, 11/9	12a, b: Social Finance	Shiller, Robert, 2000, Conversation, information, and herd behavior, <i>American Economic Review</i> , 85, 181-185. “Behavioral Finance,” David Hirshleifer, <i>Annual Review of Financial Economics</i> , Vol. 7:133-159, December (2015). [Read section 8 (pp. 19-20)] *Robert Shiller, 2015, <i>Irrational Exuberance</i> , Princeton University Press, 3 rd edition, Ch. 10), “Herd Behavior and Epidemics.”	
Week 13 11/14, 11/16	13a: Financial Market Bubbles I 13b: Financial Market Bubbles II	Miller, Edward M. (1977) “Risk, Uncertainty, and Divergence of Opinion,” <i>Journal of Finance</i> , 32(4), pp. 1151-68. [Read pp. 1151-3; 1160-2] Cornell, Bradford and Damodaran, Aswath (2014) “Tesla: Anatomy of a Run-	Due 11/16: Executive Summary for Trading Strategy Project

		<p>Up.” <i>Journal of Portfolio Management</i>, 41(1). pp. 139-151.</p> <p>“Dotcom mania,” Ofek, E. and Richardson, M., 2003, <i>Journal of Finance</i>. [Read pp. 1113-6, 1131-5]</p> <p>“Was there a NASDAQ Bubble in the Late 1990s?” 2006, Luboš Pástor and Pietro Veronesi, <i>Journal of Financial Economics</i>, vol. 81. [Read pp. 61-5 (until end of section)]</p> <p>Lamont, Owen and Thaler, Richard, “Anomalies: The Law of One Price in Financial Markets,” <i>Journal of Economic Perspectives</i>, (2003), 17(4), 191-202.</p> <p>“Introduction to Bitcoin,” Jie Gao, Bentley University, 2022.</p> <p>* “Making Sense of Tesla’s Run-up,” Bradford Cornell, <i>Advisor Perspectives</i>, 7/19/21</p>	
Week 14 11/21, 11/23	14a: Catchup and Course Sum-up 14b: THANKSGIVING HOLIDAY		
Week 15 11/28, 11/30	15a: Trading Strategy Project Presentations 15b: Final Exam Review		
FINAL EXAM 12/9	FINAL EXAM: Friday, December 9, 2:00 PM – 4:00 PM		

Please note: The date/time of the Final Exam is determined by the University. For the date and time of the final for this class, consult the USC *Schedule of Classes* at www.usc.edu/soc. Select the corresponding semester to view and click on the “Final Examinations Schedule” link on the left side of the screen.

ADDITIONAL INFORMATION

Technology Policy

Videotaping faculty lectures is not permitted due to copyright infringement regulations. Audiotaping may be permitted if approved by the professor. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class. Exceptions to this policy may be granted to individual students with appropriate documentation on a case-by-case basis.

Open Expression and Respect for All

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall "[Open Expression Statement](#)."

USC Statement on Academic Conduct and Support Systems

Statement on Academic Conduct and Support Systems

Academic Conduct:

Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, "Behavior Violating University Standards" policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on [Research and Scholarship Misconduct](#).

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call
sites.google.com/usc.edu/counseling-mental-health

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

988 Suicide and Crisis Lifeline - 988 for both calls and text messages – 24/7 on call
988lifeline.org

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL) – 24/7 on call
sites.google.com/usc.edu/rsvpclientservices/home

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086
eeotix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298
usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776
osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 740-0411
campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity, Equity and Inclusion - (213) 740-2101
diversity.usc.edu

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call
emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call
dps.usc.edu

Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)
ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-2850 or otfp@med.usc.edu
chan.usc.edu/patient-care/faculty-practice

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

Students with Disabilities

The University of Southern California determines through the Office of Student Accessibility Services if/that academic accommodations are necessary to support a student with a disability. It is the academic department and faculty members' responsibility to ensure academic accommodations are provided. It is

the student's responsibility to submit accommodation requests in a timely manner as well as follow OSAS's policies and procedures. OSAS personnel are available for consultation should questions and more complicated accommodation needs arise.

Students must register with Student Accessibility Services (OSAS) for each academic term that accommodations are desired. Guidelines for the OSAS accommodation process can be found at <https://osas.usc.edu/>.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Blackboard learning management system (blackboard.usc.edu), teleconferencing, and other technologies.

Use Of Recordings

Pursuant to the USC Student Handbook (www.usc.edu/scampus, Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by students registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

Appendix I

USC Marshall

School of Business

Undergraduate Program Learning Goals and Objectives (last update 12/21/17)

Learning goal 1: Our graduates will demonstrate critical thinking skills so as to become future-oriented problem solvers, innovators and decision makers in diverse and rapidly changing business environments.

- Students will demonstrate the ability to anticipate, identify and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies
- Students will demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking
- Students will critically analyze concepts, theories and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others and translating them to the real world
- Students will be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems
- Students will understand the concepts of critical thinking, entrepreneurial thinking and creative thinking as drivers of innovative ideas

Learning Goal 2: Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21st century's evolving work and organizational structures.

- Students will recognize, understand and analyze the roles, responsibilities and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.
- Students will understand factors that contribute to effective teamwork including how to elicit, manage and leverage diverse perspectives and competencies.
- Students will recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors)

Learning Goal 3: Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts.

- Students will identify and assess diverse personal and organizational communication goals and audience information needs
- Students will demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts
- Students will understand individual and group communications patterns and dynamics in organizations and other professional contexts

Learning goal 4: Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society.

- Students will recognize ethical challenges in business situations and assess appropriate courses of action
- Students will understand professional codes of conduct

Learning goal 5: Our graduates will develop a global business perspective. They will understand how local, regional, and international markets, and economic, social and cultural issues impact business decisions so as to anticipate new opportunities in any marketplace.

- Students will understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor) and business practices vary across regions of the world
- Students will understand how local, regional and global markets interact and are impacted by economic, social and cultural factors.

Learning goal 6: Our graduates will understand types of markets and key business areas and their interaction to *effectively manage different types of enterprises*.

- Students will demonstrate foundational knowledge of core business disciplines, including business analytics and business economics
 - Students will understand the interrelationships between functional areas of business so as to develop a general perspective on business management
 - Students will apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor and labor markets)
 - Students will be able to use technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices
-