University of Memphis Economics Program Academic Peer Review Report

Dr. Raja Kali, Sam M. Walton College of Business, University of Arkansas-Fayetteville
Dr. Christopher Kilby, Villanova School of Business, Villanova University

April 22, 2010

Overview

This review covers the Economics programs at the undergraduate level (BA/BBA) and graduate level (MA). Because the MA program is closely linked to the Business Administration PhD program, our evaluation will also touch on that. The basis for the following evaluation includes materials provided by the Economics Department (Peer Academic Review documents for both the undergraduate and graduate programs), documents available via the University of Memphis website (concerning admissions, degree requirements, course offerings, and syllabi), supplemental materials provided by Dr. William Smith, Economics Department Chair (additional syllabi and answers to specific questions), and an on-campus visit beginning Thursday April 8 and concluding Friday April 9. During that visit, we met with a range of Department faculty and College and University administrators including (in order): Dr. Ralph Faudre, Provost; Dr. Daniel Poje, Assistant Vice Provost; Dr. Rajiv Grover, Dean, Fogelman College; Dr. William Smith, Economics Department Chair; Dr. Andrew Hussey, Economics MA Coordinator; Dr. Doug Campbell, Economics; Dr. Cyril Chang, Economics; Dr. Michael Gootzeit, Economics; Dr. David Kemme, Economics; Dr. Olexander Nikolsko-Rzhevskyy, Economics; Dr. Albert Okunde, Economics; Dr. Julia Heath, Economics Undergraduate Coordinator; Dr. Karen Weddle-West, Vice Provost for Graduate Programs; Dr. Shannon Blanton, Vice Provost for Undergraduate Programs; Dr. Tom Nenon, Vice Provost for Assessment & Reporting; Dr. Tom Miller, Associate Dean for Administration, Fogelman College; and Dr. Jasbir Dhaliwal, Associate Dean for Research and Academic Programs, Fogelman College. We also met with a number of undergraduate and graduate students and conducted a telephone interview with Dr. Pinake Bose (Economics) who was unavailable during our visit.

Our overall assessment of the Economics programs is very positive but with substantial reservations about their future trajectory. The Department has accomplished tremendous things with very limited resources but the strains created by those limitations may be nearing a critical point. The Department faculty size has shrunken by nearly 50% over the last decade and a half so that it is now eking by with the bare minimum needed to maintain viable programs. With the retirement of one faculty member and the departure of another, the Department faces a serious challenge. It will only be able to maintain its current programs if these faculty are replaced with permanent tenure-line hires. To go beyond maintaining the status quo and address program limitations described below, the Department will need at least two additional faculty positions (i.e., a department of at least 12 permanent tenure-lines) and greater support for the graduate program in the form of more graduate assistantship funding. The Department is at a critical juncture. A lack of resources limits the number of undergraduate and graduate students completing the program while a lack of students completing the program limits the level of resources. Strong leadership at the Department, College, and University levels—and cooperation across these units—is necessary to break this twenty year pattern and insure a bright future for the Economics program.
Below, we examine the undergraduate and graduate programs separately. However, common themes emerge: The Department contains many excellent teachers and scholars who by-and-large have worked very well together. The research output of the Department is substantial and the teaching record admirable. This is all the more impressive given the dwindling size of the Department faculty and the wide range of responsibilities that all members of the Department have had to shoulder. However, the load is reaching a dangerous level where the continued success of programs and the retention of key faculty may be called into question. There is a serious risk that the Department may fall below the critical mass needed to maintain viable graduate and undergraduate programs and that a downward spiral could ensue.

Our detailed analyses of the graduate and undergraduate programs later in this document provide the basis for the following summary recommendations:

- Additional faculty resources must be the top priority. To be able to maintain its current level of quality, the Department needs permission to replace faculty who leave or retire. Moreover, to fulfill its academic objectives, the Department needs at least two additional tenure track faculty lines. There is serious danger that if the number of faculty lines decreases any further, the Department will fall below the critical size needed to recruit and retain high quality faculty.
- The Department has been functioning with an interim chair for the last two years. This situation hampers the Department significantly in its strategic planning, both within the Department and across the College and University. It is hard to overstate the need for the Department to have a chairperson in a permanent role.
- The MA program requires additional resources (more graduate assistantships at adequate support levels) in order to compete with peer institutions for quality graduate students.
BA/BBA Program

Our overall impression of the BA/BBA programs in Economics is very positive. In most dimensions, the Department is doing things well. Indeed, conditional on the resources available, the Department members are doing an outstanding job providing an introduction to economics through their principles courses and delivering a well-rounded education to their majors. Given its resource constraints, the Department has formulated a rational program, offering sufficient courses for majors to graduate in a timely fashion. The undergraduate faculty are very cohesive, with an appropriate focus on mentoring undergraduate students both inside and outside of the classroom. There are avenues to promote undergraduate research and to build a sense of community among the majors. Economics majors are enthusiastic about their subject and their teachers; graduates have placed well, both with employers and graduate schools. In short, the University is lucky to have a very dedicated faculty--doing far more than could reasonably be expected--and a core group of majors that has racked up an impressive list of accomplishments.

Curriculum

The Department of Economics offers two undergraduate degrees, the BBA (Bachelor of Business Administration) through the Fogelman College of Business and Economics and the BA (Bachelor of Arts) through the College of Arts and Sciences. Departmental requirements for these two degrees are identical; non-major requirements vary by school. This practice is the norm at other institutions offering economics degrees within both business and arts. The requirements for the major are 24 credit hours including principles (ECON 2110 Introduction to Macroeconomics and Economics 2120 Introduction to Microeconomics), intermediate theory (ECON 3310 Intermediate Microeconomic Theory and ECON 3320 Intermediate Macroeconomic Theory), and six upper division electives. While there is considerable variation in requirements across colleges and universities nationally in terms of the number of course hours and the split between required courses and electives, the Department’s standards are clearly within the range of practice at many other high quality institutions. Based on a review of syllabi and discussions with undergraduate faculty, the principles, intermediate theory, and field courses cover appropriate material in accordance with modern didactic approaches and are at or above the degree of sophistication that would be expected at mid-sized state university. The textbooks in the principles courses include titles used widely across the nation. The textbook for Intermediate Microeconomic Theory is the top selling text for this course and the textbook for Intermediate Macroeconomic Theory is both widely used and considered quite challenging. Similarly, the undergraduate field courses utilize appropriate texts and supporting materials.

In reviewing course syllabi, two small issues do standout. First, some of the principles sections appear to rely exclusively on multiple choice assessments. While multiple choice is a useful component of an overall assessment strategy, over reliance potentially limits the development of critical and analytical thinking. Second, the available Microeconomic Theory (ECON 3310) syllabus does not include general equilibrium theory. While instructors must pick and choose because of the large number of possible topics, general equilibrium and market efficiency are key concepts, critical elements of the “neoclassical canon” in economics.
Faculty

The Department currently has nine faculty members who regularly teach in the undergraduate program (one of whom will be on leave next year). All hold PhD degrees from very well-respected economics programs. There is considerable evidence that the faculty continuously invest time in maintaining a state-of-the-art curriculum (subject to resource constraints) and keep current with developments in their fields. Evidence of this includes the high percentage of faculty who continue to publish in the top academic journals in their areas and faculty leadership in various educational and outreach programs such as the Center for Economic Education. Evidence of curricular innovation includes new teaching methods (especially using instructional technology tools) and the development of courses applying traditional economic methods to emerging areas of student interest (Ecological Economics; Sex, Drugs and Rock & Roll: the Economics of Vice).

The results of the faculty’s talents and efforts are readily apparent. Students, faculty and administrators all report that the Economics Department has a reputation across the University for offering interesting and dynamic courses. The high quality of instruction is reflected in many teaching awards, a total of 9 awards/nominations in the past three years alone. Students note the great efforts faculty make to be accessible outside of class, including during scheduled office hours but also at other times and in informal settings. A number of faculty work to enrich their majors’ experience outside the classroom by fostering an active chapter of Omicron Delta Epsilon (the International Economics Honor Society accredited by the Association of College Honor Societies) and an Economics Club to sponsor talks, debates, movies, and social events. The undergraduate faculty’s research output over the last three years has also been impressive, with over 30 publications in well-respected to outstanding professional journals. This record is built on a broad base with the majority of the undergraduate faculty reporting at least one such publication during this period.

Resources

As with the broader program, the recurrent theme we noted with the undergraduate programs is a shortage of resources (i.e., staff). Given the resource constraints, the program is designed in a very rational and efficient way and faculty are making every effort to provide a quality education. But the shortage of resources does have an unavoidable impact in at least three ways. First, some class sizes are inappropriately large. Second, for an institution the size of the University of Memphis, course offerings are limited in terms of their diversity and timing (availability). Finally, the Honors program has suffered.

Class Size. Large principles courses are the norm at most universities and can be appropriate for the material covered and the level of instruction. Although important basic economic concepts are introduced, principles courses typically proceed at a measured pace and build only on everyday experience and broadly understood methods of deductive reasoning. Given a two semester principles sequence, the large lecture format can provide both an effective overview of economics for business and arts students who do not pursue a major and an important grounding in fundamentals for students who do continue to study economics. All the evidence we have seen indicates that ECON 2110 and 2120 are fulfilling this role admirably. Students praised the quality of instruction; many of the professors teaching these courses have been officially recognized as exceptional educators; and the number of economics majors has grown remarkably in recent years.
In contrast, at most schools the intermediate theory courses are kept to a much smaller size. This is important for a number of reasons. The intermediate theory material is much more challenging since these classes serve as the crucible in which students are forged into economists. This is truly the formative experience for economics majors. The courses typically assume a command of the basic concepts presented at the principles level and build on this foundation rapidly. While not all schools use calculus (from what we heard, ECON 3310 and ECON 3320 typically do not), facility with basic algebra and mastery of graphing skills are essential. Because the intermediate theory courses form the core of an education in economics, they inevitably move at a very fast pace to cover as much of that core material as possible. Given the skill set needed, the volume of material, and the speed at which it is covered, small class size is crucial. This allows the instructor to gauge whether students have understood the material and allows students to ask questions in class and seek extra one-on-one help outside of class. Once class size expands beyond 35 students, these important elements of interaction breakdown.

From our discussion with Department faculty, it appears that the intermediate classes are regularly 50 to 70 students at Memphis, roughly twice the maximum appropriate size. For the best students, these large classes mean less personal interaction with faculty, less in-depth coverage of some topics, and a somewhat less engaging classroom experience. Given the constraints the University faces, these are probably acceptable sacrifices. The more serious issue is at the other end of the spectrum, the outcome for the students who find the material particularly challenging. Faced with the dramatic jump in degree-of-difficulty between principles and intermediate theory, these students need the advantages offered by smaller class size. Without those advantages, many will not succeed despite having sufficient intellectual abilities and background to survive in a more supportive environment.

Students struggling in, withdrawing from, or failing the required intermediate theory courses pose several serious problems. The most obvious is that such students may gain very little from the course. Also very important, this will result in a low completion rate for economics majors, severely limiting the program's contributions to the Business School and the College of Arts and Sciences. This is one explanation for why the Department has roughly 250 majors but grants only 25 degrees in a typical year, perhaps a quarter of the number one would hope for. This is a critical issue for meeting the educational mandate of the University and serving the business education needs of the Memphis community.

A second major problem is procrastination. The Department has adopted a flexible approach with principles as the only prerequisite for subsequent economics courses. Despite this, the ideal sequence of courses is to take intermediate theory (especially Microeconomic Theory) early in the major so as to have the benefit of a larger set of tools on which to draw (and a better command of the basics) when taking elective courses. The higher the failure rate and the more students struggle in the intermediate theory courses, the more likely students are to postpone those classes until late in their college career. Thus, smaller class size in the intermediate theory courses has important benefits throughout the major. The current large class size appears to be driven by lack of available staff time to teach additional sections of the courses.

Course offerings. Currently, the Department offers most electives every other year. Given the resource constraints, this is sensible. However, it does present challenges to majors to finish their degree in a
timely manner while also finding a sufficient number of electives that interest them.\(^1\) This latter issue was voiced by the undergraduate majors with whom we met. The result may be a reduction in both the number of students who declare economics and the percent of those students who complete their degree.

**Honors Program.** Within economics, the Honors Program now exists exclusively as one “embedded” section of Introduction to Microeconomics (i.e., honors students in the same large lecture as non-honors students) and the possibility of an honors thesis in economics. Whether limited resources should be directed toward reviving this program or toward other pressing needs is an open question but it is clear that currently the Honors Program in economics exists largely in name only. This may well be the situation across the Business School programs.

Economics is typically not an easy major in a business school nor is it one to which career-minded students naturally gravitate (despite statistics showing the high relative returns to selecting it). What economics traditionally offers is a rich and fascinating array of subject areas. Thus, limiting the offerings of an economics department is particularly likely to reduce its contribution to the university and the number of students who complete the major. Finally, the rotating system the Department has adopted implies a heavy and changing load of course preparations, of particular concern for junior faculty who simultaneously face the high burden of new preparations, demands from the graduate program, and intense pressure to publish.

In looking over the undergraduate programs, our central concern is the possibility of a vicious circle. Lack of resources (too few faculty) limits retention of majors which then further limits resources. It is critical to recognize that a vibrant undergraduate economics program is a central part of a healthy business school curriculum. The economics program should make two important contributions at an undergraduate business program like the BBA at Fogelman. First, it contributes to the general educational mission of the College via the principles courses and the education of economics majors. Second, as a relatively demanding field of study, it provides a signal to employers of the quality of graduating students. Fogelman must continually demonstrate to the market place that its graduates are well-educated and of high quality. A management or marketing major who has thrived at an institution with a strong economics program will look much better to a potential employer than one emerging from a school with a moribund economics department.

---

\(^1\)Offering Econometrics every-other-year is of particular concern for the better students.
MA Program

Curriculum

The curriculum for the Master in Arts (MA) program in economics is comparable with the standards of the discipline. Students are expected to complete 33 hours of graduate study with a minimum 21 of these hours coming from within economics. The core curriculum consists of 15 hours of classes in graduate Microeconomics I, Macroeconomics I, Econometrics I, Economic Theory and Decisions, and Mathematical Economics. In addition, students can take electives in the Economics of Risk and Uncertainty, Advanced Macroeconomics, International Trade and Advanced Econometrics, among others. Virtually all MA students take department electives, as they are offered. The MA program then bifurcates into two tracks: an applied track for students interested in a career in the corporate world, and an academic track for students interested in an academic career. Students in the applied track take 9 hours of electives in economics or other business disciplines such as finance and accounting. Students in the academic track take 6 more hours either in economics and other business disciplines or in mathematics or statistics to prepare them for the rigors of a PhD program in economics, and spend the remaining 3 hours writing an MA thesis under the guidance of a faculty advisor. Students in both tracks of the MA program have a comprehensive exam in microeconomics and macroeconomics to assess their learning. Students who choose to write a thesis are required to present and defend their MA thesis. The thesis defense counts as the comprehensive exam for students taking the thesis option.

In the first year, the course work of the MA students overlaps with that of students in the PhD program in Business Administration with economics as their major concentration. Effectively all PhD students with an economics concentration acquire an MA degree in economics by completing requirements for the MA en-route to obtaining a PhD. Therefore a critique of the MA program necessarily overlaps with that of the PhD program with an economics concentration. Also, as is usual with practice at the best graduate business schools, PhD students whose areas of major concentration are in finance and accounting are also customers of the graduate level economics courses in microeconomics and econometrics. These courses are an integral part of the training of PhD students in these areas of specialization within the College, and the health of the graduate program in economics therefore influences the quality of PhD students in finance and accounting.

The overall structure of the MA program matches up very well with top-notch graduate programs in economics. The content of graduate courses, as judged by syllabi and conversations with graduate students and faculty, is also very close to best practice in economics. Graduates of the MA program have been placed at the very best PhD programs in the country and in reputable corporate sector jobs. The overall assessment is therefore that the MA program provides very strong graduate training in economics that is valued by the market, both applied and academic.

Faculty

The quality of the faculty teaching in the MA program in economics compares favorably with programs at peer schools. The core faculty teaching graduate classes are research-active and have publications in high quality journals in their areas of specialization. In interviews, current MA students were very favorably inclined toward the Department faculty in terms of the quality of teaching and advising they received. However, the overall size of the Department is at present 10 full-time faculty members. This is relatively
small in comparison to other economics departments offering comparably sized graduate and undergraduate programs. As a result, faculty resources are stretched to the limit in attempting to fulfill the objectives of the Department at both the graduate and undergraduate level. One of the consequences of a small number of graduate faculty is that students occasionally have difficulty finding their electives of choice and finding a suitable advisor for their research topics. The strains of small size is also reflected in the fact that several of the core faculty of the graduate program are relatively new hires and are bearing a large share of the teaching and advising load in the graduate program while at the same time working toward tenure. Some of the junior members of the faculty have had an unusually large number of new course preparations, combining both undergraduate and graduate teaching, in the years since they have been hired. It should not be surprising that this places strenuous demands on them to keep an active research agenda going even if they are very organized and disciplined in terms of time and effort.

An additional area of concern for the Department is the fact that it has been functioning with an interim chair for the last two years. The current interim chair appears to have been managing the Department to the best of his abilities given resources, and faculty members with whom we spoke expressed support for his work. However, having an interim chair hamstrings the Department significantly in its strategic planning, both within the Department and across the College and University. In addition, a permanent chairperson can play a more robust role in fostering the long run growth and development of the Department in terms of faculty, students and academic programs. It is hard to understate the need for the Department to have a chairperson in a permanent role.

**Resources**

In terms of physical infrastructure, faculty offices are adequate for teaching, advising and conducting research. Faculty report having adequate access to computer hardware and software necessary for the research. Graduate students report having adequate access to computer hardware, though more student licenses for econometrics software could improve productive and surmount computing bottlenecks. Travel and research funds for faculty appear to be low because of the current budgetary outlook. This issue should be addressed as soon as funds permit. Library collections and access to electronic journals are another area where both students and faculty face some bottlenecks, with implications for research productivity.

As described in the previous section, resources for the Department are at low levels in terms of faculty size. Another area where resources are acute is in terms of funding for graduate students. This has affected the size of the Department graduate program. The self-study document and interviews with faculty members reveal a steady decline in the number of MA and PhD students in economics. The size and quality of the MA program is directly linked to the ability to compete for high quality students. Currently the Department has funding to offer graduate assistantships to 1.8 PhD students each year. With the steady decrease in both the number of graduate students and graduate faculty over the last several years, the Department has reached the level where the question of whether it has the “critical mass” in both dimensions (number of students and number of faculty) to sustain a healthy graduate program seems inescapable. This question assumes even more importance if we keep in mind that the Department is also stretched in terms of reaching its objectives with regards to a healthy undergraduate program.
A dynamic and healthy graduate program has spillovers for the Department and the College, and the relationship between the graduate and undergraduate program. A healthy graduate program is critical to maintaining faculty morale and to attracting and retaining high-quality faculty. The impending departure of Professor Bose underscores this concern. In addition, a healthy graduate program has positive spillovers for faculty research, which in turn has positive spillovers to undergraduate teaching and undergraduate research. As a result, the Department’s success with its graduate program seems especially fragile given the synergies that exist in the links between faculty size, the graduate program and the undergraduate program.
Conclusion

To sum up, our overall assessment of the Economics programs is very positive but with significant concern about their future trajectory. The Department has accomplished tremendous things with very limited resources, but the strains created by those limitations may be nearing a critical point. The Department faculty size has shrunk by nearly 50% over the last decade and a half so that it is now eking by with the bare minimum needed to maintain viable programs. With the retirement of one faculty member and the departure of another, the Department faces a serious challenge. It will only be able to maintain its current programs if these faculty are replaced with permanent tenure-line hires. To go beyond maintaining the status quo and address program limitations described above, the Department will need at least two additional faculty positions (i.e., a department of at least 12 permanent tenure-lines) and greater support for the graduate program in the form of more and better funded graduate assistantships.

The Department is at a critical juncture. A lack of resources limits the number of undergraduate and graduate students completing the program while a lack of students completing the program limits the level of resources. Strong leadership at the Department, College, and University levels—and cooperation across these units—is necessary to break this twenty year pattern and insure a bright future for the Economics program.

Respectfully submitted,

______________________________________,       4/22/2010

Raja Kali

_____________________________________,       4/22/2010

Christopher Kilby

Dated

Dated