

CASE STUDIES

Teaching and Learning Centre Case Studies

Employing case studies on Master's courses in LSE Finance

The Department of Finance at the LSE has been using the case study method of teaching for over 12 years. It is used primarily in their Master's courses, and the department is amongst the heaviest users of cases among Master's in Finance programmes internationally. Following their success in the postgraduate programmes, in 2017 the case study method of teaching was introduced in an undergraduate course (*Introduction to Finance*) to highly positive feedback from the students.

Why did Finance adopt the case study approach to teaching?

The case study approach meshes well with the teaching philosophy of the department. The traditional lecture-and-class format prevalent at the LSE is based on one-way communication from the lecturer or teacher to the student. Classes are taught by teaching assistants and the lead faculty are at a distance. In the case study method, students are expected to read, prep, write up and contribute to the session. Finance has moved on from the lecture-class format to a three-hour 'interactive lecture' taught entirely by full faculty members. This has reduced the distance between lead faculty and students and allows for greater dialogue and communication in both directions.

It helps that the applied nature of finance is well suited to the case study method. It calls for problem-solving using messy, real-world, ill-structured problems which lends itself well to the nature of content covered in most of the department's courses. The rigorous use of the case study method in teaching perfectly complements the inherent academic nature of the Master's programmes in finance. This equips their students to apply theoretical principles or technical skills to real-world problems, thereby setting them up well to compete against MBA graduates.

The department is committed to continuing with case teaching as the pedagogic suitability of the method has been vindicated by persistent demand from their students.

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Different approaches to teaching and assessing with case studies

- Teaching – In some courses, every session is taught using a case study (eg. FM410 Private Equity), whereas others are taught using a combination of case study teaching and other methods.
- Summative assessment – In FM414 Corporate Investment and Financial Policy, all summative assessment is done through case studies. The final grade is made up of class participation, memos, coursework and a final exam based on an unseen case study.
- Formative assessment – In some courses (eg. FM421 Applied Corporate Finance), students complete case write-ups and give a group presentations based on a case study.
- In combination – Several finance courses (eg. FM100 Introduction to Finance) use case studies as one of the components their teaching and assessment mix alongside other methods of teaching and assessment.

Challenges

As the three-hour session format and class participation as a form of summative assessment are not the norm at the LSE, these sessions were treated as an exception every time by TQARO (course approval and evaluations) and Timetabling, which meant the course convenor and department had to spend additional time sorting out the paperwork and approval for it. It is felt that the School systems need to show greater flexibility in adopting progressive forms of teaching and assessment.

Advantages of using the case study method

Pedagogy: As a pedagogic tool, the case study method allows for the study of multi-faceted problems in all their complexity. The case study is seen as an ill-structured, untidy problem that needs to be decluttered. It is in confronting the messiness and the complexity that the key points emerge, often through the process of elimination. The key difference between the use of case studies and real-world examples in teaching (though the case study is a type of real-world example) is that real-world examples tend to be one-dimensional, whereas case studies permit multi-strand inquiry.

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Class interaction: The case study teaching method as popularised by Harvard involves extensive participation by the students. In fact, the role of the lecturer is that of the facilitator eliciting student contributions and asking questions that open lines of enquiry. The facilitator is expected to enable the students to do most of the intellectual heavy-lifting. In some case-teaching courses at Harvard, as much as 50 per cent of the student's grade comes from class participation. At LSE, the Finance department also sees student preparation and participation as vital, with class participation accounting for 20 per cent of the student's final grade in some courses. As Prof. Daniel Ferreira, an experienced case-teaching method practitioner and the Deputy Head of Department (Teaching) puts it, "The case study method is an exercise in collective problem-solving."

Impact

Teaching using cases has been well received by students in Finance. Data collected by the department show that case-heavy courses perform better in student surveys with student citing the use of the case study method in their feedback.

"I was very impressed with the use of real-life cases to explain the concepts we learned."
FM475 student, TQARO 2017

In 2017, the Department had three of its faculty, Dr. Ashwini Agarwal, Prof. Daniel Ferreira and Dr. Dirk Jenter 'highly commended' for Inspirational Teaching at the LSE SU Teaching Excellence Awards, and in all three cases, it was teaching case-intensive courses. The case study method has also been successfully used in the executive summer school, in particular the short courses, Finance for Executives and Corporate Finance and Strategy.

Daniel Ferreira demystifies the process of teaching with case studies

I use the case study method across all the courses I teach – undergraduate, postgraduate and Executive Master's. While the case study method does call for intensive preparation the part of the teacher, it is a highly versatile tool and I have used the same case with my FM100 (Introduction to Finance) and my Executive Master's students (FM475 Financial Management). As you can see from the figure below, the start and end points are the same, but there is a difference in the level and nature of delivery and interaction:

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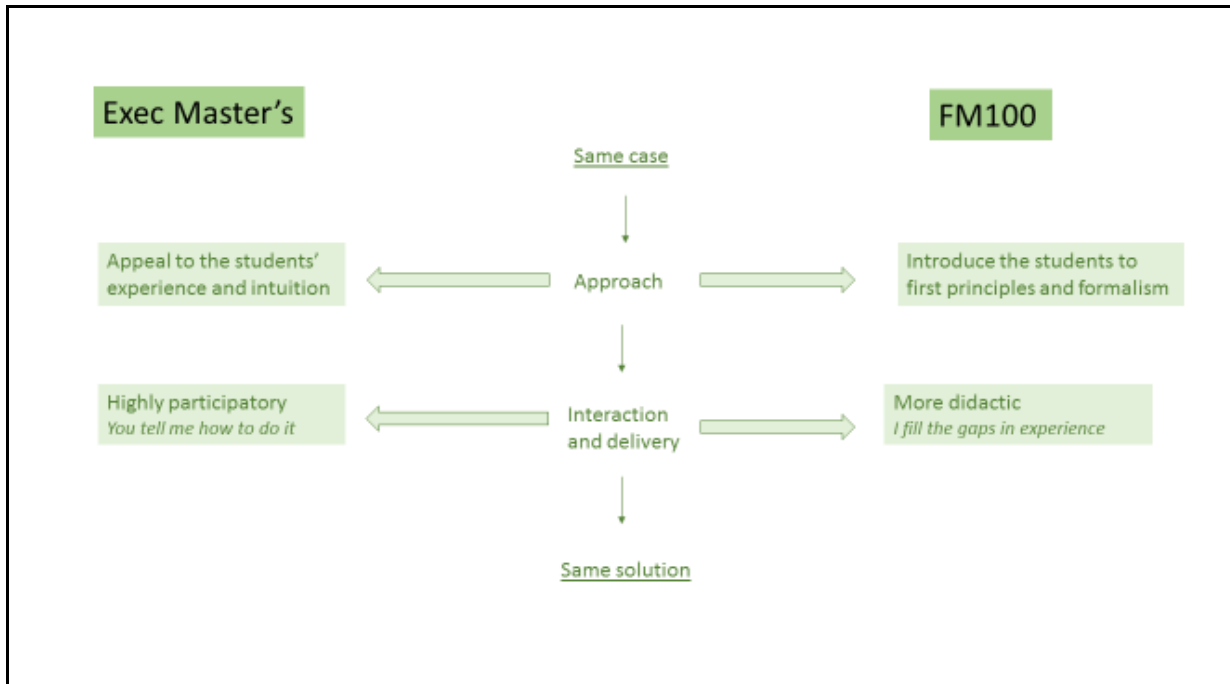


Figure 1: Teaching the same case in different programmes across different programme levels

Similarly, I could use the same case in different courses, but focus on different aspects or different processes. For instance, valuation is done one way in private equity and another way in mergers and acquisitions.

Having seen how well the case study method worked for our postgraduate students, I was keen for our first incoming undergraduate cohort to get a taste of this. The student feedback has been overwhelming:

- They gain an edge over other students (LSE and non-LSE) who have not been exposed to this method teaching especially in terms of analytical and problem-solving skills.
- The kind of practical knowledge the students develop in the course of learning through the case method has turned out to be good preparation for job interviews.
- The relatively high level of student participation this method calls for even from first-years (cold-calling, dealing with complexity, framing responses) has resulted in our students feeling and exuding greater confidence.
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- It has been well received by students with the TQARO score for structure and organisation of the rated 1.4 and overall performance of the lecturer at 1.2.
- And 88% of students in this course obtained an upper second or a first classification.

Practical Tips

- How to read a case

I adopt a two-pronged approach:

- Key points I want to extract or emphasise in the session: This would be based on the topic to be covered in and the learning outcomes of the session. These key points would lead to the solution which would go towards the content of my slides (and notes) and an accompanying spreadsheet.
- Other points that emerge: These additional points that come up when I am reading the case would be annotated, marked up and commented upon in my copy of the case. Depending on their importance, they might figure in my slides. These are the points that contribute to the 'realness' and muddiness i.e. complexity of the problem, so they are often important to unpack with the students in class.

- How to teach a case

- Undergraduate students: For my first-years (FM100), I provide step-by-step instructions on how to approach the case. I call it "case study lite" as I do a lot of the intellectual heavy-lifting. I provide lecture slides and a spreadsheet that details the calculations. It's not about following a recipe, but understanding the underlying theory and assumptions. In practice, financial analysts often misuse a formula because they do not understand how it works. For instance, how was WACC used in the wrong way; what were the underlying assumptions?
- Postgraduate students: With my postgraduates, I do not provide much scaffolding. I expect them to prepare notes in response to the case questions which they are expected to share in class.

- How to choose a case

In the Finance department, experienced practitioners mentor novice instructors as we have found observations and frank discussions really help, with one of our newly-minted

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case practitioners clocking very impressive student satisfaction scores. Here are points to bear in mind when choosing a case:

- **Tweak**: There is no dearth of cases to choose from especially in the fields of business, finance, management, accounting including the odd case study in international development, health and environment policy. Most cases especially by [Harvard Business Review](#) come with notes, [guidance](#) and questions for the instructors, which is a good jumping-off point especially for teachers who are new to teaching with cases. However, use the teaching notes cautiously. Ensure that the answers to the questions you pose are not available on the internet as is the case with some of the more popular Harvard case studies. I prefer to tailor the case to suit my course and students. I do not use the guidance and questions suggested by the case authors, but will use different models and assumptions and I will set different discussion questions.
- **Funnel**: I also look for cases that are multi-faceted with multiple strands of enquiry as that means I can have a long discussion that starts off with several aspects. I liken the in-class case discussion to a funnel – at the beginning the discussion is all over the place (messy) and then it narrows down to one number or approach.
- **Break it down**: If every step of a case builds on previous steps, it can make it quite difficult as students who get one of the first parts wrong can end up on the wrong track. I prefer to use cases that can be broken down into independent units, so that students don't get stuck.
- **Read the cues**: When students don't engage with the case or they are floundering, the lecturer should step in and fill the gaps. This often occurs when the case is too difficult or the level is not right. The best advice I could offer in such a situation is to change the case.
- **Commit**: When I teach with a case, I go with the flow, letting the case serve as the narrative for teaching the class and determine the structure and order.

If you're interested in using case studies on your course in similar ways, do get in touch with your [TLC departmental adviser](#). You may also want to apply for funding through [the Teaching and Learning Development Fund](#).