Financial News Savvy and Its Importance: A Study of Business and Finance Majors

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Abstract

An increasing demand for students' financial news savvy by employers combined with the likely increase in learning assessments in financial news savvy for accreditation purposes show a need to investigate the degree of financial news savvy students possess and the importance they attach to it. The primary objective of this article is to assess students' level of financial news savvy. Our hypotheses collectively state that students will exhibit a greater level of financial news savvy and will perceive a greater importance of financial news savvy the more finance courses they have completed; the greater their belief that employers value financial news savvy; and the more professional activities they are exposed to. Conversely, students will exhibit less financial news savvy and will attach less importance to this savvy the more they are constrained by either time or peer pressure. Using responses from 477 students at a large suburban public university, we find strong evidence for all hypotheses. These results imply a value-added finance program that is not exclusively focused on theoretical knowledge. Constraining factors such as time and peer pressure could be addressed naturally by exposing the students to more and more professional settings.

Keywords: Financial news, accreditation, employer, professional activities

1. Introduction and Motivation

When teaching introductory courses in financial management, it is often an art to gauge students' knowledge of current events. Often, the authors are surprised to find that very basic knowledge, such as the identity of the Chairman of the Federal Reserve, is simply lacking in students. This makes it exceedingly difficult to tie current events into classroom lectures; if the majority of students in the class are not in tune with current events and the professor uses a lot of current events in his or her lecture, it may be necessary to add a class section that covers the basics. Conversely, if the class is very familiar with the current financial news, then it becomes easier for the professor to directly incorporate these current events into the covered theory. In either case, it is beneficial to know to what extent students are familiar with the current news.

It benefits a professor to know if students desire to be familiar with current events. Potential employers like candidates to have some financial news savvy (i.e., business acumen) and knowledge of the business world and its relevancy to their company.[2]Lack of desire on the part of students to be familiar with current events can therefore have serious negative repercussions once the student enters the interviewing process, and it should be a combined effort on the part of the faculty and the students to stress the importance of incorporating current events in the classroom lecture to increase students' financial news savvy.

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[2]See, for example, http://www.gradcracker.com/page/what-employers-want, www.ysletadelsurpueblo.org/shared_document.sstg?id=112, or http://www.startupbizhub.com/what-business-skills-employers-want.htm.

In their interviews with capstone business students, Payne et al. (2008) find that only very few students indicated knowledge of current business environments or events as an important skill necessary for success in future work settings. In order to stress the importance of current events, it may first be necessary to increase the students' desire to be familiar with current events, and in order to accomplish this, in turn, it is first necessary to identify the level of desire and reasons for the lack of desire (such as time). In finance in particular, where the marketplace is becoming more and more complex as a result of the Global Financial Crisis if 2008 and the resulting Dodd-Frank legislation,[3] a basic knowledge of the structure of this marketplace is not only useful for students, but is becoming increasingly demanded by employers.

In addition to the increased demand by employers that students possess financial news savvy, especially in finance, accreditation often requires universities to conduct learning assessments, and this requirement has substantially increased since 2003. This assessment relates primarily to theoretical knowledge, but can also easily relate to current events for universities that emphasize this learning. For example, indirect measures employed by schools to conduct assessment, which may include measures of financial news savvy and include surveys of graduating students and alumni, as well as employers of alumni was documented by Martell and Calderon (2005).Martell (2007) also finds that simulations, individually written business plans, and mock interviews, which arguably require a higher degree of financial news savvy, constitute 16%, 14%, and 8% of assessment methods used in 2006. Although learning objectives written to satisfy accreditation assurance of learning requirements do not appear to reflect a great need for financial news savvy, the increased importance of the latter will likely result in increased future learning assessments in this area.

The combination of increased demand for financial news savvy on the part of students by employers coupled with the likely increase in learning assessments in financial news savvy for accreditation purposes, present a great opportunity to investigate this topic a priori. To date, studies have primarily investigated whether students have the necessary skills, such as writing and communication skills, when entering a program[4] or whether they have the necessary theoretical knowledge when graduating.[5]However, no study the authors are aware of has investigated the level of financial news savvy students possess as they progress through a program. We believe it is therefore important to understand 1) the knowledge of current events students possess and 2) whether students believe it to be important to be familiar with current events. If students lack the necessary financial news savvy and/or do not believe it to be important, then remedial steps should be taken in order to increase this savvy, either through direct coverage in courses or through indirect coverage using assignments. This is particularly important in light of studies by, among others, Spilich et al. (1979) and Kellogg (2001), who show that reading and writing, respectively, are influenced significantly by one's level of knowledge. Therefore, financial news savvy by itself has the potential to contribute to improve communication and writing skills.

The objective of this article is threefold. First, we seek to assess the level of familiarity with current events finance students possess at a large suburban public university. The questions utilized here can be easily modified and used at other institutions and to reflect current events. Second, we seek to determine whether familiarity with current events increases over time as students progress through the program at this institution. If students become more familiar with current events as they take their major finance courses, then finance seniors should be more familiar with current events than finance juniors of sophomores. Lastly, we seek to determine whether students believe familiarity with news/current events is important and whether this belief changes as students progress through the course of their studies. This should be true not only as students acquire more theoretical knowledge as they progress, but also because they will be exposed to internships, will establish more networking contacts, and will work with the university's career management center as they progress through their academic career.

Closely related to this article is the work by Hambrick et al. (2007), who investigate correlates of individual differences in recently acquired knowledge of current events in politics, business, and sports, among others. Using structural equation modeling, the authors find that, alternatively, cognitive ability factors and personality and interests contribute to individual differences in knowledge of current events. Importantly, the authors also develop a scale labeled "Need for News," which consisted of twelve items.

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[3]See http://dodd-frank.com/for an overview of the Dodd-Frank legislation.
[4]See, for example, Tanner and Cudd (1999).
[5]See, for example, Power et al. (2011).

Although not all of these items were disclosed in Hambrick et al. (2007) we include the three statements they do mention (p. 308) as part of our questions to assess students' perception of the importance of news. Our study contributes to this study in various ways. First, we seek to determine if students' desire to be familiar with current events increases as they progress through a finance program. Moreover, we seek to determine if students' level of interest in news is at least partly determined by their work experience and networking relationships, items which have been ignored in the previous literature. Third, we investigate a very specific discipline, finance, to determine the level of familiarity with current events students possess within that discipline.

The remainder of this article is organized as follows. The questions utilized to investigate the level of familiarity with current events and the belief that this familiarity is important are presented in Section 2 along with the hypotheses. The data is presented in Section 3. Results from the analysis are presented in Section4; Section 5 concludes and presents some implications.

2. Question and Hypothesis Development

2.1 Questions to Investigate Familiarity with Current Events and Perceived Importance of Current Events

In order to investigate both the level of knowledge with current events and the perceived importance of these events, we constructed three sets of questions. The first set was intended to measure students' level of familiarity with basic current events in finance. Questions in this set included sixteen questions that refer both to recent events (e.g., "In February 2011, the New York Stock Exchange agreed to merge with the national stock exchange of which country?") and to more general knowledge of finance (e.g., "The Dow Jones Industrial Average is computed using how many companies?"). Importantly, fourteen of the sixteen questions are open-ended, and students were instructed to not answer the question at all if they were randomly guessing. One question is multiple choice, and one question is true/false.

The second set of questions is intended to assess the importance of current events knowledge and consists of fourteen questions. These questions are designed to measure several things: 1) Do students think news in general is important (e.g., "I keep up with the news and read the *Wall Street Journal* every day"); 2) Do students think current events knowledge is important in their future careers (e.g., "Theoretical knowledge will benefit me more than familiarity with current events in my field" and "Familiarity with and knowledge of current events is extremely important, since they illustrate that I care about my field and my profession."); and 3) Do students value external factors in assigning importance to familiarity with news (e.g., "I do not keep up with the news because I am constrained for time as is" and "I don't keep up with the news because my friends never talk about current events.") All questions in this category are measured on a five-point Likert scale.

Lastly, we included a set of thirteen control questions, which allow us to differentiate between the familiarity and perceived importance of news based on several variables, including GPA, gender, marital status, socioeconomic status, utilization of the university's career management center, involvement with students organizations, networking relationships, and employment history. As mentioned previously, we expect students who are farther along in their program of study to have some work experience (e.g., internships) and to have developed at least some networking relationships with companies. We expect these students to have a higher level of financial news savvy.

2.2 Hypotheses

Although Hambrick et al. (2007) find that less than half the students answered questions related to current events in all fields except for Entertainment and Crimes/accidents/disasters correctly,[6] we expect students to be more familiar with current events and have a greater propensity to be familiar with current events the more familiar they are with the material in their field. In other words, we expect the finance program to add value to both the students' familiarity with current events and their desire to be familiar with current events. Stated as hypotheses:

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[6]Table 2, p. 309.

H1: Finance majors will demonstrate greater financial news savvy in finance the more finance credits they have completed.

H2: Finance majors will attach a higher importance to financial news savvy the more finance credits they have completed.

Similarly, Hambrick et al. (2007) show that students score rather low on their "Need for news" category. However, we expect students who believe that news is important to their future careers to be more familiar with and attach a higher importance to news and students who score high on constraining external factors (e.g., time and peer pressure) to be less familiar with and perceive a lower importance for current events. This results in the following hypotheses:

H3: Finance majors who believe knowledge of current events to be important in their future careers will have more financial news savvyand attach a higher importance to it.

H4: Finance majors who have constraining external factors, such as time and peer pressure, have less financial news savvyand attach a lower importance to it.

As finance students progress through their program of study, they will be increasingly exposed to companies and will likely begin utilizing their university's career management center. Additionally, they may have participated in internships and participate in student organizations. Collectively, we will refer to these events as "professional activities." As a result, these students will likely become aware of an increased need of financial news savvy and may therefore increase their level of familiarity with current events and attach a higher importance to it. Thus, we hypothesize:

H5: Finance majors who are exposed to more professional activities will have more financial news savvy and attach a higher importance to it.

3. Data and Method

3.1 Data

In order to investigate hypotheses H1 through H5 above, we administered the questionnaire in the appendix to finance courses at a large suburban public university. In order to capture all current finance majors at this university, we administered the survey to most of the upper-level finance courses at this university, beginning with the mass section introductory finance course. The courses included in the survey were Financial Management, Financial Management II, Securities Analysis and Portfolio Management, Derivatives, Investments, Financial Markets and Institutions, and International Finance. The survey was administered in both the Summer and Fall Semesters of 2011. The survey was approved by the Institutional Review Board at this institution.In each class, the survey was administered by the authors. Students were informed that they were taking part in a survey whose purpose was to assess students' familiarity with current events. Students were also instructed to not blindly guess an answer if they had absolutely no idea what the answer might be. Additionally, students were instructed not to complete the survey if they had already completed it in another course.[7]

Administering the survey in the above-mentioned courses resulted in a total of 591 surveys. Removing surveys which contained blank answers reduced this total to 508 surveys. Since several students had already completed the survey in another class, the sample was further reduced to 491 surveys. Lastly, inconsistent answers reduced the final sample to 477 surveys. Of these, 189 identified either their first or second major as Finance or Financial Services.[8]

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[7]Some students still completed the survey a second time. The survey included a question that asked students if they had already completed the survey previously. If they answered "yes," we used the first survey the student had completed.
[8]Although the survey was administered only in finance classes, the mass sections of Financial Management are a requirement of all business majors, resulting in a large number of non-finance majors in the sample.

Table 1. Basic Demographic Sample Information (n = 477)

	Less than 2.5	2.5-2.9	3.0-3.4	3.5 or Greater		
Cumulative GPA	2.5%	30.8%	46.1%	20.5%		
	Sophomore	Junior	Senior	Graduate		
Class	0.8%	47.4%	50.5%	1.3%		
	Finance	Financial	Management	Accounting	International E	Other
Major	28.5%	4.0%	22.9%	12.4%	9.4%	22.8%

The basic demographic information for our sample is presented in Table 1. Presented in Table 1 is certain academic demographic information. As shown, about 77 percent of the sample has a GPA between 2.5 and 3.4, and about 98 percent of the sample consists of juniors and seniors. Not surprisingly, the most well-represented major is Finance. Combined, Finance and Financial Services account for roughly one-third of the sample. Also not surprising, Management is the second well-represented major, with 22.9 percent of the sample. Accounting and International Business represent 12.4 percent and 9.4 percent of the sample, respectively. All other majors combined fill out the remaining sample.

Table2. Professional Activity Sample Demographics (n = 477)

	1 (Not at all difficult)	2	3	4	5 (Very difficult)	
Difficult to Find Job After Graduation?	10.7%	17.8%	29.1%	36.7%	5.7%	
	1 (Disagree strongly)	2	3	4	5 (Agree strongly)	
Willing to work in internship for free?	22.4%	13.4%	18.9%	28.3%	17.0%	
	1 (Never)	2	3	4	5 (Always)	
Utilizing University Career Mgmt Center?	25.2%	21.8%	29.6%	12.2%	11.3%	
	1 (No, not a member)	2	3	4	5 (Active and an officer)	
Involved with a business-oriented student club?	67.3%	8.4%	10.1%	9.4%	4.8%	
	1 (None)	2	3	4	5 (A lot)	
Networking relationship with organizations?	29.8%	31.4%	24.1%	9.2%	5.5%	
	Yes	No		Yes	No	
Participated in an Internship?	25.4%	74.6%	Currently in an internship or looking for one?	47.2%	52.8%	
	Yes	No				
Work experience (Incl. internships)?	53.9%	46.1%				
	1 (< 1 year)	2	3	4	5 (4 or more years)	No experience
If yes, how long employed?	15.1%	9.6%	10.5%	4.2%	14.5%	46.1%

Table 2 presents the responses to some questions used to assess the sample's level of involvement in professional activities, such as work experience, utilization of the college's Career Management Center, and so forth.

These nine questions are a subset of the thirteen control questions included in the survey and will be used later on to test Hypothesis 5 that students who are exposed to more professional activities will be more familiar with current events and attach a higher importance to news and current events. As shown in Table 2, over 40 percent of the sample believes it will be at least somewhat difficult to find a job after graduation, while less than a third of the sample believes it will be at least somewhat easy to find a job. It should follow that, if students believe keeping up with the news will help them find a job after graduation, they should be especially motivated to do so if they think it will be difficult to find a job after graduation.

Unfortunately, it appears that the students are not very proactive in networking or trying to obtain a job; a little less than half of the sample indicates that they utilize the college's Career Management Center "never" or "rarely." Moreover, only about 14 percent of the sample indicates that they are active members of a business student organization, and over 60 percent of the sample has "none" or "few" networking relationships with organizations in their field. This is very surprising, given that over 50 percent of the sample has work experience. These statistics indicate that students might not keep up with the news, even if they think employers might value this activity, since it would also be obviously in their interest to network, yet they do not pursue this activity either.

Interestingly, a quarter of the sample has completed an internship, and 47 percent of the sample is either currently in an internship or looking for one. Moreover, over half of the sample has work experience (including internships). Of these students, about 85 percent have worked for longer than one year, with 14.5 percent having worked for four or more years. Again, this should indicate that the sample is at least somewhat familiar with current news events. The sixteen Financial News Savvy questions are shown in the Appendix. While some of the questions are relatively easy, the majority of the questions require an intimate knowledge of the current financial news. We deliberately constructed these questions to be harder to ensure that not all the students would answer all the questions correctly. This allows us to differentiate between the average business student and the serious finance students.

Table3. Financial News Savvy Questions Statistics (Number of Responses in Parentheses)

Panel A – Averages by Number of Finance Courses Completed						
	1 Course	2 Courses	3 Courses[a]	4 Courses	5 or more Courses	Total
Finance or Financial Services Majors	4.02 (45)	4.32 (19)	5.81* (32)	4.31 (13)	6.93** (80)	5.60 (189)
Non-Finance Majors	3.52 (162)	2.88* (68)	3.26 (27)	3.54 (13)	3.83 (18)	3.37 (288)
Total Sample	3.63 (207)	3.20 (87)	4.64*** (59)	3.92 (26)	6.36*** (98)	4.25 (477)

Panel B – Averages by Class Level			
	Junior	Senior	Total
Finance or Financial Services Majors	4.28 (78)	6.57*** (106)	5.60 (184)
Non-Finance Majors	3.22 (148)	3.53 (135)	3.37 (283)
Total Sample	3.59 (226)	4.87*** (241)	4.25 (467)

Notes to Table 3:
* Significant at the 10% level.
** Significant at the 5% level.
*** Significant at the 1% level.

[a] Significance shown indicates more significant than the previous level. For examples, finance majors who have completed three finance courses answer, on average, 5.81 questions correctly. This is significantly higher than the 4.32 questions answered on average correctly by finance majors who have completed two courses. Table 3 presents the average number of questions answered correctly by the number of finance courses the students have completed (Panel A) and by class level (Panel B). As shown in Panel A of Table 3, the finance program definitely adds value in terms of financial news savvy. The first row shows the questions answered correctly by finance majors, the second row shows the questions answered correctly by non-finance majors, and the third row shows the questions answered correctly for the total sample.

For the finance or financial services majors, while there is not a steady increase in the questions answered correctly, there are no significant decreases in the number of questions answered correctly and two significant increases. By the time finance or financial services students have completed five or more finance courses; they answer approximately seven out of the sixteen questions correctly. For non-finance majors, there is no significant increase in the number of questions answered correctly, irrespective how many finance courses they have taken. However, there is a marginally significant decrease in financial news savvy after they move from one to two completed finance courses. Overall, this indicates that finance majors are stimulated in class to increase their level of financial news savvy. Apparently, non-finance majors do not share the enthusiasm for increasing their knowledge of current finance events.

Panel B of Table 3 tells a similar story. We include only juniors and seniors in the table, since other class ranks total only ten students. Again, the first row shows the average number of questions answered correctly by finance or financial services majors, the second row shows the number of questions answered correctly for non-finance majors, and the third row shows the number of questions answered correctly for the total sample. For finance majors, there is a significant increase in the number of questions answered correctly from 4.28 questions for juniors to 6.57 questions for senior. There is no significant increase for non-finance majors. Overall, Table 3 provides strong initial support for H1 – that finance students who have completed more finance credits exhibit more financial news savvy.

3.2 Method

Since our five hypotheses all involve the perceived importance of news and current events, we next conduct a factor analysis for the fourteen questions from the second set of questions identified in section 2.1. The responses to these questions for the total sample are shown in Table 4. More than 50 percent of the sample at least somewhat agree that they like to catch up on news while waiting (Q1), that they wish their classes incorporated more current news events (Q6), that potential employers value knowledge of current events (Q8), that familiarity with current events illustrates that one cares about his or her field and profession (Q9), that they are embarrassed when they cannot participate in a conversation because of ignorance about current events (Q10), that familiarity with current events is a sign of intelligence (Q11), and that they do not keep up with the news due to time constraints (Q12). Conversely, over 50 percent of the respondents at least somewhat disagree that the news is boring (Q3), that they read the *Wall Street Journal* every day (Q4), that they are not interested in the news and don't think familiarity with current events will help them in their career (Q5), and that they don't keep up with the news because their friends never talk about current events (Q14).

Table 4. Percentage Responses for Questions Used to Develop Financial News Savvy Constructs (n = 477)

	1 (Strongly Agree)	2	3	4	5 (Strongly Disagree)
Q1. While waiting for a flight or bus, I often like to catch up on the news.	16.4	41.3	17.2	16.6	8.6
Q2. I am a news junkie.	6.1	22.9	24.3	23.7	23.1
Q3. I think the news is boring.	2.7	13.2	24.1	32.1	27.9
Q4. I keep up with the news and read the *Wall Street Journal* every day.	4.0	19.5	14.0	29.6	32.9
Q5. I am not interested in the news and don't think familiarity with current events will help me in my future career.	1.0	1.7	10.1	28.9	58.3
Q6. I wish my classes would incorporate more current news events.	38.4	43.2	15.9	0.8	1.7
Q7. Theoretical knowledge will benefit me more than familiarity with current events in my field.	8.8	21.2	30.0	28.9	11.1
Q8. Potential employers value my knowledge of current events in my field.	42.6	36.5	15.3	4.4	1.3
Q9. Familiarity with and knowledge of current events is extremely important, since they illustrate that I care about my field and my profession.	39.0	44.0	11.9	4.2	0.8
Q10. I am embarrassed when I am in a conversation and cannot participate because I am not familiar with the subject matter.	31.7	39.2	13.2	10.9	5.0
Q11. Familiarity with and knowledge of current events is one illustration of intelligence.	32.7	43.4	11.5	8.2	4.2
Q12. I do not keep up with the news because I am constrained for time as is.	18.4	34.0	17.2	18.9	11.5
Q13. Keeping up with current events is high on my list of priorities.	7.1	22.6	30.0	30.4	9.9
Q14. I don't keep up with the news because my friends never talk about current events.	2.5	15.9	22.9	29.4	29.4

The responses to these fourteen questions thus seem to indicate that the sample, to varying degrees, considers news to be important and thinks that employers value familiarity with news. However, time constraints appear to keep students from always keeping up with the news. In order to identify the constructs inherent in these fourteen questions, the questions were subject to an exploratory factor analysis using the common factor analysis method with Varimax rotation. To check the sampling adequacy, we conducted the Kaiser-Meyer-Olkin test. With 0.84, this test indicates that the data was adequate to perform factor analysis. Those items that loaded highest on each factor (.60 and above) and did not load over .40 on more than one factor were included as part of a factor.[9]As a result of this factor analysis, two factors were identified, that together accounted for 52% of the item variance. These factors and the individual loadings are displayed in Table 5.

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[9]Most factor analysis utilize loadings with .4 or higher. See, for example, Fagenson-Eland, Ensher, and Burke (2004).

Table 5. Constructs for Importance and Consequences of Financial News Savvy (n = 477)

Construct Label	Item	Factor Loading	Cronbach's Alpha
Importance of Financial News Savvy (IMPORT)	Q1. While waiting for a flight or bus, I often like to catch up on the news.	.83	.86
	Q2. I am a news junkie.	.85	
	Q3. I think the news is boring.	.68	
	Q4. I keep up with the news and read the *Wall Street Journal* every day.	.79	
	Q13. Keeping up with current events is high on my list of priorities.	.77	
Consequences of Financial News Savvy (CONSEQ)	Q9. Familiarity with and knowledge of current events is extremely important, since they illustrate that I care about my field and my profession.	.64	.54
	Q10. I am embarrassed when I am in a conversation and cannot participate because I am not familiar with the subject matter.	.82	
	Q11. Familiarity with and knowledge of current events is one illustration of intelligence.	.67	

Table 5 shows the two unique factors identified. The first factor contains five questions. We call this factor "Importance of Financial News Savvy" (IMPORT), since the questions seem to indicate the perceived important of keeping up with the news. This factor has a Cronbach's alpha of 0.86. This alpha indicates the degree to which each individual item in a scale correlates with the sum of the remaining items. Consequently, it measures consistency among individual items in a scale. Cronbach's alpha is generally used to assess the reliability of a factor. The second factor shown in Table 5 is labeled "Consequences of Financial News Savvy," (CONSEQ) and it includes three questions that collectively indicate that financial news savvy illustrates care about one's profession, leads to the ability to participate in conversations, and is a sign of intelligence. While this is a useful construct with decent factor loadings, Cronbach's alpha for this construct is a poor .54. Consequently, the reliability of this factor can be questioned. Armed with these two constructs and the responses to our other survey questions, we are now able to investigate our five hypotheses, the results of which are discussed next in the results section.

4. Results

Our first two hypotheses states that students will demonstrate a higher level of financial news savvy and will attach a higher importance to financial news savvy the more finance credits they have completed. In order to investigate this relationship, we computed correlation coefficients between the variables FINESA, IMPORT, and FINCOUR. FINESA is the total number of questions a student answered correctly; IMPORT is the importance of financial news savvy for each student, as measured by the construct from Table 5; FINCOUR is the self-reported number of finance courses the student has completed. These correlation coefficients are reported in Table 6. Panel A of Table 6 reports the correlation coefficients for the entire sample; Panel B reports the correlation coefficients for the subsample of 189 finance students.

Table 6. Pearson Correlation Coefficients among Selected Questions and Variables

Panel A – Total Sample (n = 477)							
	FINESA	IMPORT	CONSEQ	FINCOUR	EVOK	PROFACT	TIMECON	PEERCON
FINESA	1.000	0.189**	0.118*	0.321**	0.169*	0.131**	0.340**	0.250**
IMPORT		1.000	0.289**	0.189*	0.264**	0.225**	0.422**	0.391**
CONSEQ			1.000	0.118	0.285**	0.081	0.022	0.081
FINCOUR				1.000	0.067	0.112*	0.084	0.080
EVOK					1.000	0.131*	0.048	0.157**
PROFACT						1.000	0.005	0.130**
TIMECON							1.000	0.238**
PEERCON								1.000
Panel B – Finance Student Subsample (n = 189)							
	FINESA	IMPORT	CONSEQ	FINCOUR	EVOK	PROFACT	TIMECON	PEERCON
FINESA	1.000	0.564**	0.051	0.324**	0.152*	0.272**	0.402**	0.307**
IMPORT		1.000	0.251**	0.171*	0.212**	0.312**	0.427**	0.407**
CONSEQ			1.000	0.119	0.275**	0.033	-0.024	0.012
FINCOUR				1.000	0.047	0.146*	0.135	0.035
EVOK					1.000	0.186*	0.036	0.184*
PROFACT						1.000	0.041	0.090
TIMECON							1.000	0.243**
PEERCON								1.000

Notes to Table 6:

*   Significant at the .05 level.
**   Significant at the .01 level.
FINESA   =   Financial news savvy of the student, measured by the number of correct
                          answers for the sixteen questions used to assess financial news savvy,
IMPORT   =   The factor score for the IMPORT construct from Table 5, computed for each
                          student as a weighted average of the questions used to develop the construct, weighted by
                          the factor loadings,
CONSEQ   =   The factor score for the CONSEQ construct from Table 5, computed for each
                          students as a weighted average of the questions used to develop the construct, weighted by
                          the factor loadings,
FINCOUR   =   The response to the question "Including this course, how many finance, risk
                          management, real estate, and insurance classes have you taken [at this institution] or other
                          institutions of higher learning?"
EVOK   =   Employer value of knowledge (The response to Question 8 from Table 4.)

PROFACT   =   The student's level of professional activity, computed using the sum of
                          responses to questions about the student's involvement in the career management center, in
                          business-oriented student clubs, the student's level of networking relationships, and whether
                          the student has worked in the past,
TIMECON   =   The student's perception of time constraints interfering with his or her
                          financial news savvy, measured using question 12 from Table 5, and
PEERCON   =   The student's perception of his or her peers not keeping up with the news,
                          measured using question 14

As shown in Table 6, the correlations between these three variables are positive and significant at least at the .05 level. Consequently, students who have completed more finance courses exhibit both a higher degree of financial news savvy and attach a higher importance to financial news savvy. This is true for the total sample and for the subsample of 189 finance students. This supports both H1 and H2.

Our third hypothesis, H3, states that students who believe financial news savvy to be important in their future careers will have more financial news savvy and believe this savvy to be more important. To assess the importance of financial news savvy in one's career, we utilized the response to Question 8: "Potential employers value my knowledge of current events in my field." We labeled this variable EVOK (employer value of knowledge) in Table 6. As

expected, EVOK is significantly positively correlated with both FINESA and IMPORT, which provides strong support for H3. Additionally, it is interesting to note that EVOK is also positively and significantly correlated with CONSEQ, the second construct identified in Table 5. This indicates that students who believe employers value financial news savvy also believe that there are positive consequences associated with financial news savvy, a logical relationship. These correlations are equally pronounced for the total sample and for the subsample of 189 finance majors.

Our fourth hypothesis, H4, states that students who have constraining external factors, such as time and peer pressure, have less financial news savvy and perceive a lower importance of financial news savvy. Questions 12 and 14 from Table 4 directly measure the constraining external factors of time and peer pressure. The responses to these questions are used as variables TIMECON and PEERCON in Table 6. As shown in both panels of Table 6, TIMECON and PEERCON are positively and significantly correlated with both FINESA and IMPORT, which indicates that students who are less time constrained and who keep up with the news even if their friends do not have more financial news savvy and think financial news savvy is important. For the total sample (Panel A), PEERCON is also positively correlated with EVOK, PROFACT, and TIMECON, indicating that students who keep up with the news even when their friends don't also think employers value financial news savvy, pursue more professional activities such as networking, and do not feel time constrained to keep up with the news. For the subsample of finance students in Panel B, these relationships (except the correlation between PROFACT and PEERCON) also exist. Overall, there is strong support for H4.

Our last hypothesis, H5, stated that students who are exposed to more professional activities will have a higher level of financial news savvy and attach a greater importance to financial news savvy. In order to measure the level of students' professional activity, we aggregated the responses to four questions from Table 2 that inquired about the students' degree of involvement with the Career Management Center, involvement in business-oriented student clubs, the students' level of networking relationships, and whether the student has worked in the past. We labeled this variables PROFACT. As shown in both panels of Table 6, PROFACT is positively and significantly correlated with both FINESA and IMPORT, which provides strong support for H5. Additionally, PROFACT is also positively and significantly correlated with FINCOUR and EVOK, indicating that students who are more professionally active have completed more finance courses and believe employers attach a higher value to financial news savvy. This last correlation is particularly interesting, since it is an indication that students who are already working think financial news savvy is valuable to employers. This should serve as additional confirmation of the value of financial news savvy to students who are not yet employed.

5. Conclusion and Implications

An increasing demand for students' financial news savvy by employers combined with the likely increase in learning assessments in financial news savvy for accreditation purposes, present a great opportunity to investigate the degree of financial news savvy students possess and the importance they attach to this savvy.Remedial steps may have to be taken if students lack the necessary financial news savvy and/or do not understand its importance.

Existing studies have investigated whether students have the necessary skills, such as writing and communication skills, when entering a program[10] or whether they have the necessary theoretical knowledge when graduating.[11]Financial news savvy, however, has thus far not received a great deal of attention, especially as students progress through a program. The primary objective of this article was to assess the level of familiarity with current events (i.e., the student's level of financial news savvy) finance students possess at a large suburban public university. The questions utilized here can be easily modified and used at other institutions and to reflect current events. We also investigate whether financial news savvy increases over time as students progress through the program at this institution and whether students believe financial news savvy is important and whether this belief changes as students progress through the course of their studies.

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[10]See, for example, Tanner and Cudd (1999).
[11]See, for example, Power et al. (2011).

This should be true because they will be increasingly exposed to professional activities, such as internships. Moreover, they will establish more networking contacts as they progress through their academic career.

Our hypotheses collectively state that students will exhibit a greater level of financial news savvy and will perceive a greater importance of financial news savvy the more finance courses they have completed (H1 and H2); the greater their belief that employers value financial news savvy (H3); and the more professional activities they are exposed to (H5). Conversely, students will exhibit less financial news savvy and will attach less importance to this savvy the more they are constrained by either time or peer pressure (H4). We administer a survey instrument at a large suburban public university. The survey instrument contained sixteen rather detailed current events knowledge questions, which we use to gauge the students' level of financial news savvy; fourteen questions used to assess the importance students attach to financial news savvy; and thirteen control questions, such as gender, GPA, and professional activities. Using these questions, we develop a construct for the "Importance of Financial News Savvy" and for the "Consequences of Financial News Savvy." Using these constructs and the responses to the financial news savvy and control questions, we find strong evidence for all five hypotheses.

The results reported here are encouraging from several perspectives. First, we find strong evidence that financial news savvy increases the more finance courses students take. To us, this indicates a value-added finance program that is not exclusively focused on theoretical knowledge. Second, it appears that students' perceived importance of financial news savvy increases the more finance courses they take and as they move from junior to senior status, as shown in Table 3. This is likely a combined result of the efforts of not only the professors, but also the students' increased exposure to professional activities. Confirmation of this view is provided by the fact that students who engage in more professional activities possess a higher degree of financial news savvy and think it is more important.

While these results are very encouraging from a finance program perspective, we also find evidence that students' level of financial news savvy is affected by constraining factors, such as time and peer pressure. Overcoming these constraints would almost certainly require a cultural shift on the students' part, in the sense that financial news savvy is not only valued by them because of what it can do for them, but also because it is important from a social perspective. This is something that can probably not be addressed directly in the classroom but that could be addressed naturally by exposing the students to more and more professional settings such that their peer groups slowly change over time and such that their time constraints over time are, at least partly, due to the need to keep up with the news. Again, the fact that the financial news savvy for our sample increases over time in a program, partly because the students are increasing their level of professional activities, is encouraging from this perspective.

Going forward, we believe that financial news savvy should be an even greater part of the finance and general business curriculum at any institution. In a world of interconnected corporations where information is often currency, having purely theoretical knowledge is simply not enough. Equipping our students with the necessary financial news savvy and an understanding of its importance should be one of the primary foci of any business school. Indeed, those students possessing the theoretical knowledge coupled with real-world applications of this knowledge are those that will perform the best in "the real world." It is at least partly our responsibility in the classroom to make this happen.

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