

Teaching Method and Educational Philosophy

Based upon my undergraduate experience in Taiwan and my graduate experience in the U.S., my teaching career since 1973, and my experience with guiding my son John, daughter Alice, my grandson Michael Lee and granddaughter Michelle Lee, I have made some observations about education philosophy and methods.

John earned his B.S. in economics and accounting and his master's in accounting from the University of Illinois. Alice has earned her B.S. in electrical engineering from the University of Illinois and a Ph.D. in insurance and finance from Wharton School of Business. Currently, my grandson, Michael Lee, who graduated from Newark Academy, is a sophomore at Georgia Tech University and my granddaughter, Michelle Lee, is in the 11th grade at Newark Academy in New Jersey. My wife and I used a mixture of Eastern and Western parenting and educational upbringing. Both my son and daughter are well educated and perform well in their careers. In addition, both my grandson and granddaughter perform very well. Based on these observations, I have composed this chapter.

The Chinese education philosophy and method are essentially based upon Confucianism. It is well known that there are different

ancient Chinese scholars who have explained that education is needed for the younger generations. They can be classified into three different schools of thought. First, Laozi regards human beings as being born with a good nature; therefore, the mission of education is to glorify this good human nature. Alternatively, Xunzi believes that humans were born with an evil nature; therefore, the mission of education is to remove the evil nature from humans. Confucius proposed a theory, which compromised the philosophy of the two previous concepts. To my best knowledge, the Confucian education philosophy has a huge impact on the education logic of China, Japan, Korea, Taiwan, Hong Kong, and Singapore.

Modern Western management theory can be classified into theories X, Y, and Z. I believe that theory X, which states that workers inherently dislike and avoid work and must be driven to it, is similar to the Xunzi theory. Theory Y, which states that work is natural and can be a source of satisfaction when aimed at higher-order human psychological needs, is similar to Laozi's. Theory Z, which was developed by Professors Ouchi and Maslow in the 1980s, focuses on increasing employee loyalty to the company by providing a job for life with a strong focus on the wellbeing of the employee, and is similar to Confucianism.¹ Therefore, it is worthwhile to use my 43 years of educational experience to compare alternative Chinese education philosophy with Western education method and management theory and propose a hybrid management theory to contrast Eastern and Western cultures.

Since I received my Ph.D. at SUNY-Buffalo, I have taught for 43 years at UGA (1973–1976), UIUC (1976–1988), and Rutgers (1988–present). In 1973, I received my Ph.D. in economics and finance from SUNY-Buffalo and I was offered a job as an assistant professor in the Department of Banking and Finance at the University of Georgia at Athens. Just a few days after my arrival, Department Chair Dr. Robert Dince had a long talk with me in his office. He mentioned that one of the main reasons they hired me was to attract more research and publications. The department also hired an American professor, Dr.

¹ http://en.wikipedia.org/wiki/Theory_Z

William Lloyd, who came from Indiana University. Dr. Dince suggested that I take on less of a teaching load in order to spend more time in research. I thanked him for his concern, but rejected his suggestion. I believed that teaching was just as important as doing research. I did not want to be looked down upon just because I was a foreigner and might struggle with English communication skills.

The following fall, Dr. Robert Dince spoke to me again in his office. He said, “Your teaching performance is much better than I expected; however, you have not published any papers so far. I am worried that if you don’t publish any papers during the year, you may not be able to keep your job.” I asked him to wait three months since I believed my papers would be accepted by some famous journals in the near future. In less than two months, I received acceptance letters for two of my papers from the *Journal of Finance and Quantitative Analysis*, which was ranked the second best financial journal in the United States during that time. Our chairman was so proud that he showed my acceptance letters to everyone and said, “Dr. Lee is not only good at research, but also excellent at teaching.” Since then, I made up my mind to make more of an effort to teach my students and to produce more outstanding students.

During my three years at UGA, I devoted myself to teaching as well as research. I taught by combining Eastern and Western philosophies. Through my own experience and the participation in my kids’ PTA activities, I realized that the Eastern education method puts an emphasis on memorization and the Western education method emphasizes the understanding of the subject and plays down the importance of memorization. I strongly believe that a mixture of these two methods is more suitable to educate the younger generations. In my experience, memorization and understanding can have some synergy effects. If students only memorize without understanding the subject, then he or she will lose interest in the subject and the knowledge they have learned cannot be retained. Alternatively, if students only understand the subject without remembering what he or she has learned, then the knowledge, which they have learned, cannot be easily applied in the real world. Sometimes memorization can help students make their

learning process more effective and practical.

When I taught at UIUC, I frequently told my students to memorize the knowledge just like cattle and sheep eating grass in the field. The cattle eat the grass and immediately store it in one of the compartments in their stomachs, and because of this, they have the ability to regurgitate their cud to eat for later. Similarly, a student can remember what he or she learned from the class even if they did not entirely understand the subject. When they go home they can try and understand by themselves or they can ask their parents or friends for help.

Overall, I would like to propose a weighted average approach to educate the younger generations. In other words, students with high IQs can be educated with more of an emphasis on understanding the subject. If the student has an average IQ, he or she might find it more effective to be educated by memorization first, then by comprehending the subject matter after. A Western proverb says, “learning by doing.” In other words, remember the subject first, then try to understand later when there is time to gradually digest it.

During the second week of my course “Essentials of Financial Management,” in 1973, a student asked me what finance was. I asked him if he had been to a Chinese restaurant before. He said yes and that he liked Chinese chow mien. I responded to him that finance was the Chinese chow mien of knowledge. It was a comprehensive subject that was composed of accounting, economics, statistics, mathematics, and computer knowledge, the same way as noodles, pork, soy sauce, and salt are in chow mien. Students thought this metaphor was fun and interesting and I was enlightened for my future teaching and research from this way of thinking.

During my years teaching at UGA, I volunteered to teach adult financial management classes at Mekong Air Base too. One of my graduate students, John Martin, always went with me to the air base every week and we became good friends. Throughout our friendship, I realized that you have to teach wholeheartedly and that teachers and students can learn from one another.

In addition to teaching undergraduate students, I also advised some Ph.D. students. During my three years at UGA, I was on the oral

defense committee for four Ph.D. students and was the advisor for two postdoctoral students. My first postdoctoral student was Son-nan Chen who had his Ph.D. in statistics from UGA. He had attended my investment classes and completed five academic papers with me. Three of these papers were derived from his research as a postdoctoral student. Son-nan Chen was a full professor of finance at the University of Maryland and he was the chairman of Department of Money and Banking, National Chengchi University.

My second postdoctoral student was Carl R. Chen. I was one of Carl Chen's Ph.D. committee members until I left UGA in 1976. Chen took my finance course and did research with me. Chen received his Ph.D. in economics and I helped him to obtain an assistant professor position in the Department of Finance at the University of Dayton. In 1992, he took the position as the editor of the journal *International Finance and Economics* with a strong recommendation from me. Chen is currently the distinguished William J. Hoben Professor of Finance at the University of Dayton.

From my experience advising these two excellent postdoctoral students, I found out that if I wanted to get the results I expected while teaching students how to do academic financial research, theories and methods had to be focused. However, it should be noted that it is essential to find out a student's previous background and relative strengths before teaching them either theory or methodology. In fact, it was quite rare at that time that, though an assistant professor, I was able to advise postdoctoral students. Overall, training postdoctoral students is very rewarding to me.

Because of my outstanding performance in both research and teaching, the University of Illinois at Urbana-Champaign offered me an associate professor position in 1976. After a thorough consideration, I accepted the offer and left UGA for the position at UIUC. UIUC was a well-known university and I was the first Chinese professor to teach in their business school. I might have been the first Chinese professor to teach finance at one of the top business schools in the world too. Two years later, I was promoted and became a full professor.

In the beginning, when I arrived at UIUC, the Department of

Finance expected me to re-organize the curriculum for the Ph.D. program. I had an opportunity to bring my experience of teaching Ph.D. and postdoctoral students at UGA into full play. First, I visited the professors who taught economics, statistics, and econometrics and asked them whether the Ph.D. students of the Finance Department had studied the appropriate courses. Most professors responded that the finance Ph.D. students were not required to have a Ph.D. level of economic theory and econometric method courses. In their opinions, the finance Ph.D. students should take the same courses as economics Ph.D. students. During the first year I changed the required courses for the finance Ph.D. students. I enforced the previously required courses and asked students to take microeconomics and macroeconomics as well as two semesters of econometrics. I also asked students to take at least one course in the statistics and management science departments. I believed that with a good understanding in theories and solid training in methods by taking these courses, students could learn how to better apply what they learned in the Department of Finance.

In the fall of 1976, I offered research courses for Ph.D. students. Before starting my classes, I told the chairman, Prof. N. Bedford, of the Department of Accounting that the courses would be helpful to Ph.D. students in accounting too. He immediately recommended my classes to two outstanding students. One of them was Mike Sandretto, who received an offer from Harvard University after graduation, and the other was David Smith, who worked at the University of Kansas and is currently the distinguished chair professor at University of Nebraska at Lincoln. From the Department of Finance, there were five students taking my courses and three of them asked me to advise their Ph.D. dissertations. D. Stock is currently the distinguished professor and Chairman of the Department of Finance, in Oklahoma University; Scott Harrington is the chair of the Health Care Management Department in Wharton; and D. Mohamed went back to teach in Tunisia. The great outcomes of my first Ph.D. research class established my reputation and secured my position at UIUC. Hence, my opinions about the department attracted more and more attention.

From 1976 to 1988, I taught Ph.D. research courses at UIUC.

From the very first class I asked students to write reports to enhance their writing and research skills. Due to the excellent result of the very first class, more and more students came to my classes. They included students from the Department of Accounting as well as those from the Department of Economics. The most famous class was my 1979 one in which there were nine students. Among them, V.L. Bernard, who had been the distinguished professor of accounting at the University of Michigan, was recognized as one the top 10 accounting professors in the world. Unfortunately, he passed away in 1995. R. Beatty is currently the Accounting Circle professor of accounting, USC, and T. Shafer is the distinguished professor and chairman of the Department of Accounting, University of Notre Dame in Indiana. In this class I also had Mike Alderson, who wrote his dissertation on pension funds. He began his career teaching at Texas A&M and he is currently a professor at the University of St. Louis. In the other classes, Stephen Baginski was the distinguished professor of accounting at Indiana University, and is currently the Herbert E. Miller chair professor of accounting at the University of Georgia.

I also instructed many Oriental students, four of them went back to teach in Korea. The students from Taiwan included Yun Lin, chairman of Department of Finance, NTU; Chunchi Wu, M&T Professor of Banking and Finance, University at Buffalo; John K. Wei, chair professor, Hong Kong University of Science and Technology; Quentin C. Chu, distinguished professor of finance, Memphis University; C.C. Yang, professor of finance, NTU; David Chen, professor of accounting, Fu Jen Catholic University; C.W. Chen, distinguished professor, Hong Kong University of Science and Technology; C.W. Hsin, chairman of Department of Finance, Yuan Ze University; and Ren-Raw Chen who was associate professor at Rutgers University and now a professor at Fordham University.

From revising curriculum for the Ph.D. program to teaching courses, I instructed many excellent students who obtained great achievements at many academic institutions. More than 15 of my previous students are now serving as distinguished professors or chair professors at well-known universities. It is such an honor to have the

opportunity to teach the most talented students in the world and help them develop and succeed. In addition to American students, I also helped students from other countries by using different approaches to training them theoretical and empirical methods in accordance with their relative strengths and their academic backgrounds. These students came from countries such as China, Taiwan, Hong Kong, Canada, Korea, Bangladesh, and Tunisia.

After my promotion to a full professor, the Department of Banking and Finance assigned me the job of inviting outstanding professors and hosting weekly seminars. In order to complete this assignment, I contacted many well-known professors and enhanced my relationships with the scholars in the field. I tried my best to invite the most famous scholars, such as Prof. M. Miller of Chicago University, the Nobel Prize winner, Prof. R. Roll, the distinguished professor of the University of California, and Prof. Lawrence H. Summers, the distinguished professor of Harvard University, to speak at UIUC. Through these opportunities, I made a good amount of contacts with many professors. Along with my wonderful research results, my reputation and academic ranking advanced every day.

One of these people who I was able to get to agree to give a seminar was Dr. Summers. He scheduled his speech at UIUC together with that of Iowa University and planned to take a plane from Iowa City to Chicago, and then take a small plane from there to Champaign on the morning of the seminar. His lecture at UIUC was scheduled at 2 p.m. on that day. Unfortunately, the flight to Champaign was cancelled because of the lack of people to fill the flight. As soon as he knew of the situation, he called me right away and told me that he would take another flight to a nearby town and then take a taxi to Champaign. He arrived at my office just in time. Without having lunch, Dr. Summers delivered a wonderful two-hour speech. Afterwards, I drove him to the airport where he flew to Chicago and then back to Boston. His determination and reliability led me to believe that he would surely be able to handle great national affairs.

Following the seminar, my expectation came true and he became Secretary of the Treasury. His appointment was not only his own

accomplishment, but also a blessing for the country. Overall, Larry did a good job for the United States of America in fiscal policy and other economic policy decisions.

After the weekly seminars, all of the finance faculty members took turns hosting parties for colleagues and the graduate students. I believe that you have to enhance the relationship between colleagues and students through social activities. My family also held these parties many times. In the spring of 1982, when Professor Miller came to UIUC to deliver a speech, he made a special request to have my wife and mother-in-law's cuisine. Since I took John and Alice with me most of the time, they were also acquainted with my students and colleagues. Often times we played bridge and baseball with my Ph.D. students. The famous time series statistician, Prof. P. Newbold, was my colleague and we trained Ph.D. students in both economics and finance together. Since I started a new journal entitled *Review of Quantitative Finance and Accounting* in 1991, I appointed him as one of the associate editors.

UIUC was the first college to provide a Ph.D. degree in accounting. In college rankings, the undergraduate and graduate programs of the Department of Accounting, UIUC, was ranked at the top. Even the Department of Finance ranked in the top five among colleges due in part to some of my contributions. Due to my background in economics, accounting, and statistics, I advocated that the undergraduate and graduate finance programs' curricula include more accounting and statistics materials. I insisted on improving students' analytical and writing skills by assigning projects. I pushed my students with my Oriental philosophy. All students, both American and foreign, were treated equally.

Once, a graduate student from Taiwan dropped by my office and told me that I was the only foreign teacher who dared to reprimand students, and she warned me to be careful. The following year, another one of my graduate students from Taiwan came to speak with me and said I was the only professor who dared to rebuke American students when they were wrong. In fact, American students usually were quite reasonable. If they were wrong, they would accept the teacher's instruction without arguing, but I would also say, "If I was wrong, I will apologize next time" and would not make them feel too embarrassed.

In order to have the best results, I believe that I must teach different students in different ways.

I had hoped to share my educational philosophy and instruction methods with other academic professionals, so I started writing books. In 1980, I edited *Readings in Investment Analysis* with J. Francis and D. Farrar. In 1983, I published *Financial Analysis and Planning: Theory and Application, A Book of Readings*. And then, the famous textbook *Financial Analysis and Planning: Theory and Application* was published in 1985. In 1986, I started to work with Prof. J. Finnerty on *Corporate Finance: Theory, Method, and Applications* and *Security Analysis and Portfolio Management*, two books which were later published in 1990 when I was at Rutgers University. I am certain that my publications benefit my academic reputation as well as the college's evaluation.

My 12 years of teaching at UIUC were very important in establishing my academic reputation. I worked on many things simultaneously — teaching, research, writing books, journal editing, etc. — to establish my reputation and academic ranking. I took on the responsibility as editor of *Financial Review* in 1985 and *Quarterly Review of Economics and Business* two years later. Those 12 years were the golden age of my career. I believe that there are not many scholars who have such magnificent achievements in their lives. I am lucky and also blessed by the good name my parents gave me — “Cheng-Few,” which means “lots of luck” in Chinese.

When John and Alice graduated from UIUC in 1987, I hunted for other teaching jobs in bigger cities under the expectation of my wife, Schwinne. In spring 1988, I received several offers for distinguished professor from Rutgers University, State University of New York, Oklahoma University, and Memphis University. After discussing the offers with my wife, I decided to accept the position at Rutgers. There were three reasons for my decision. First, the reputation of Rutgers University was similar to UIUC's. Second, the location of Rutgers University was ideal. Rutgers is near New York City and a lot of Taiwanese live within the area. Lastly, there was an opportunity to chair the department. To be the chairman of the department would offer me a great opportunity to establish the finance department that I

had envisioned. I looked forward to embracing the challenge.

Rutgers University is the seventh oldest university in the United States and was originally a private school. It was founded at the same time as Princeton University and Columbia University. The New Jersey state government took over it more than 60 years ago. Its management school was located in Newark and in 1987, the university set up a new management school in New Brunswick. I was hired to chair the Department of Finance and draft the undergraduate curriculum. I was also advising Ph.D. students for the Department of Economics at the New Brunswick campus and the departments of finance and accounting at the Newark campus.

When I arrived at Rutgers University in August 1988, my salary was the highest in the Management School and the Department of Economics; it ranked in the top 10 on campus. Moreover, since most financial and accounting professionals in the country confirmed Rutgers' determination on renovating its financial department, I carried many more responsibilities than I did in 1976 when I started working for UIUC. I planned to complete my goals from different directions by emphasizing teaching, research, and service. First, I continued to instruct Ph.D. students for the departments of finance, accounting, and economics in accordance with my experience from UIUC. Second, I designed the curriculum for undergraduate students with advanced methods in finance. Third, I continued to write textbooks as well as edit academic journals and annuals. Lastly, I organized two international conferences. My book writing, journal editing, and conference organization will be described in detail in Chapter 10.

At Rutgers University, I drafted the financial bachelor degree program in accordance with four principles:

1. Emphasize both theoretical and practical materials.
2. Emphasize the teaching methods of research projects and case studies.
3. Encourage students to take the practicum.
4. Offer more selective courses.

I spent seven years (1988–1995) building a curriculum for finance majors. As a result, students who graduated from the department were well trained and were offered job opportunities by large companies. In 1988, there were only about 30 students in the Department of Finance, while now there are more than 300 students each year. The Department of Finance used to be the second smallest department in the Business School, but has now grown to be the largest department. After seven years serving as a chairman, I was done holding administration positions.

Having been trained in economics, accounting, finance, and statistics and with my 12 years of teaching at UIUC, I found that finance and accounting complemented each other. Because of this I had always suggested that finance students take more accounting courses and vice versa. In 1989, I suggested to the chairman of the Department of Accounting, Prof. B. Jaggi, that he set up a department that interconnected the departments of accounting and finance. At that time, the members who participated in this plan included Prof. Y. Mensh and Prof. Oded Palmon. However, it didn't happen due to a lack of funding. Recently, because of the sharp drop of enrollment in the Accounting Department, Professors Jaggi, Mensh, and Goodman started to promote the project again. In other words, we allowed students to do double majors in finance and accounting. Over the past 25 years, college students have chosen to major in finance rather than accounting due to the vigorous stock markets in the United States. A similar situation happened in Taiwan and other countries in Asia as well. This phenomenon may not only be due to the vigorous stock markets, but also because of the out-of-date training for accounting students and it should be further analyzed and improved.

As I mentioned before, finance is comprehensive knowledge based on accounting, economics, statistics, mathematics, and computer science. It is more challenging to students while accounting tends to be slightly easier. Over the past 40 years, new financial products, (i.e., futures' options, foreign currency derivatives, etc.) have been widely applied in the banking systems, insurance companies, and other non-financial companies. On the contrary, accounting students generally do

not take these courses. Thus, CPAs cannot accomplish their jobs in auditing. That's why I insist that accounting students take more financial courses. Besides, accounting students rarely utilize the calculus and statistics they learn and accounting becomes less challenging than finance. On the other hand, I advocate that financial students take more accounting courses in order to understand the basic financial structure and situation of a corporation. Therefore, whether or not it is necessary to separate the training for undergraduate accounting and financial students should be further discussed. Business or management school faculty and industry managers may think this over.

The management schools at American universities usually encourage their tenured faculty to take on consulting roles in enterprises. During my teaching at Rutgers University, I also spent some time in consulting. Being a consultant allows one to make extra money as well as receive practical experience that enhances one's teaching. When I was the department chairman, I never opposed other professors having consulting jobs. I believe that knowledge of finance is based on both theoretical and practical knowledge. While teaching at Rutgers, I found that some students who were working in the world's largest financial centers had more practical knowledge than some professors. Therefore, it was only logical that professors obtained practical experience so that they could incorporate their real life situations into their teaching and assist their students.

Management subject is a combination of both statistical methods and social science that should be integrated with theory and practice. When I started teaching at UIUC in 1976, I asked my undergraduate and graduate program students to do their financial analysis based on real company data and reports. I expected students to learn quantitative analyses, financial theoretical applications, improve their writing ability, and develop the ability to analyze real cases of a company's financial management. At the end of a semester, I would learn a lot about different companies' information from reading students' reports. In fact, I mentioned this teaching-and-learning method in my book, *Financial Analysis and Planning: Theory and Application* published in 1985. The third edition of this book was published in September 2016.

When I teach Ph.D. students, I ask them to read other scholars' papers first and then write a comprehensive report and evaluation of a specific topic. Later, I ask them to write a paper using their creativity, new theories, methods, and data. I encourage Ph.D. students to ponder on their dissertation title in the first year of their study so they can make progress both in taking courses and writing their dissertation. This way of learning challenges students more and most are able to shorten the time taken to receive their degree. Studying and writing dissertations simultaneously is the most effective way of learning. This is because students can effectively incorporate their knowledge from these courses into their dissertation. The next chapter will discuss my experience in training Ph.D students in finance and accounting.

From my experience teaching students, I recognize that talent may be important, but hard work definitely makes up for insufficiencies. If teachers can challenge students by allowing them to think, instead of listen, they can make students more intelligent. The Western philosophy of education emphasizes understanding, which is good for talented students, while the Eastern style focuses on memorizing, which is good for average students. From my teaching experience, I understand that if I can design my lectures in the ways of understanding and memorizing, I am able to cater to any kind of students.

In the Western behavioral science, there are three theories of learning: by force (theory X), by encouragement (theory Y), and by the middle way (theory Z). These theories are similar to the different schools of thinking in ancient China (i.e., people born evil, people born good, and the golden middle). According to my teaching experience, theory Y is more effective to gifted students while theories X and Z are best for the average students. However, the best teaching method must combine both Eastern and Western educational methods and philosophies.

During my time teaching at various universities, I have done research, chaired a department, edited journals, written books, organized conferences, and even taken consultant jobs for enterprises and government offices. In Chapter 12, I will share my experience on editing journals and writing books. Sometimes people ask me, how I can do so

many things at one time. My answer is to work hard and efficiently. Of course, help from secretaries, assistants, and other people is necessary too. It is difficult to complete everything by oneself, but teamwork allows one to reach their goal. Overall, I try to combine theory, method, and application in my teaching methods. In Chapter 9, “Innovative and Active Approach to Teaching Finance,” I discuss my teaching method and philosophy in further detail.