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Articles

A hands-on approach to teaching the financial concept of diversification

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ABSTRACT

In this article we apply R, a free software, and recent stock-price data to illustrate the portfolio diversification concept, a corner stone of modern finance theory. Currently, recent stock-price data are available on the internet at no cost to users. By using current market data to construct realistic and authentic examples, student engagement can be improved in classroom discussions. However, to focus on learning the finance concepts, the process of accessing the data and applying the statistical software must be user friendly and learner centered. In this article we demonstrate that this can be achieved. We use Shiny – an R package – to provide a user-friendly dashboard that could make the process interactive and easy to use. The proposed tool, when used as a supplement to existing resources, could promote self-discovery and sustain student interest. We also provide the computer code we used for obtaining the results discussed in the article.

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Disclosure statement

No potential conflict of interest was reported by the author(s).

Additional information

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