

# Developments in Business Simulation and Experiential Learning, Volume 26, 1999

## THE PITFALLS, AND POTENTIAL, OF ACTUAL EVENTS AS PROBLEM DRIVERS

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### ABSTRACT

As teaching moves into the 21st century, students increasingly demand to see relevance in their education. In response, there has been an increase in application of ongoing events and actual data in curriculum design. Relying on the actual business environment, however, generates some major concerns for both faculty and students. Using three mini-case examples of major exercises designed ex ante based on anticipated co-operation of the actual international business environment with the development of student learning through problem-based exercises, this paper highlights some of the major pitfalls which result from using such exercises. In conclusion, the paper argues that despite the pitfalls, major contributions are made to both student learning and student motivation through direct interaction with the dynamic nature of the current international business environment.

### INTRODUCTION

Simulations, games, case studies: a wide range of academic activities created from extracts of the existing environment, all attempting to develop skills in adjusting to changing conditions in anticipation of future individual performance requirements (Malik, Howard & Morse, 1997). The idea is to teach the “art of management” through exposure to those experiences that have past relevance, relying on the assumption that past experience builds a foundation for future interpretation and practice.<sup>1</sup> One of the advantages of problem-based learning over other possible curriculum design techniques is the ability to develop problem

solving skills as they will be faced by the student in their business/professional future (Milter & Stinson, 1995). These skills are developed and enhanced through the use of applications which draw directly from the environment in which the student will potentially find a future. Anticipating the increasing stringency of that environment in the distribution of productive opportunities, students increasingly demand to see the relevance of their involvement in what are often time and energy consuming problem-based exercises. This demand has naturally pointed toward greater use of the “real world” as a problem setting environment.

In response to this growing demand, there has been an increase in application of ongoing events and actual data to curriculum design and implementation, in an effort to stimulate student interest while responding to the demand for increased relevance (Malik, Howard, & Morse, 1997). That growth is indicated by the increasing frequency of presentations at professional gatherings,<sup>2</sup> as well as the increasingly frequent appearance of articles in a wide range of professional journals.<sup>3</sup> While a

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<sup>1</sup> Essentially, the definition of “experiential learning” as proposed by David Kolb in 1984.

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<sup>2</sup> In addition to this Association of Business Simulation and Experiential Learning (ABSEL) forum, such conferences as the Educational Innovations in Economics and Business (EDINEB) series and the Annual meeting of the American Private Enterprise Education (APEE) Association are examples, though not an all inclusive list.

<sup>3</sup> For example, the Journal of Simulation and Gaming, the Journal of Free Enterprise, and – for international business specifically - the Journal of Teaching in International Business are just a few examples.

## Developments in Business Simulation and Experiential Learning, Volume 26, 1999

review of this literature would indicate that the outcomes of most of these experiments is overwhelmingly positive, there is an underlying note of caution which also flows through this growing body of literature. That underlying tone of caution indicates that relying on the actual business environment to co-operate with curriculum design and implementation, however well intentioned, generates some major concerns for both faculty and students. The following three mini-case examples of major exercises which attempt to use the changing international business environment to incorporate environmental relevance into the international business curriculum highlight some of those concerns. Each of the term length problem based exercises were designed *ex ante* based on co-operation of the actual international business environment with the exercise objectives.

### Mini case 1:

*Current Events Application Analysis:* The underlying premise in designing this exercise for a mandatory introductory international business course posits that undergraduate students can benefit from a period of intense exposure to the vagaries of the international environment. Thus, for an entire term, students were assigned to scrutinize the Wall Street Journal for international events relevant to either domestic or international transactions, keeping a student journal of the most significant of those events. After two months (eight weeks), each student was required to identify the four most significant of these recurring events, in priority order.

From a compilation of these student lists, the top four recurring events were identified as *continuing* “trends” and became the objective for detailed analysis both in class and as outside exercises for the remaining seven weeks of the semester. Each of these “trends” was the focus of a series of three consecutive analysis assignments, wherein students were expected to interpret, in light of their cumulative academic experience, the impact of the “trend” on business (in general) in both the domestic and the international context. The ex-

pected result was student ability to make a link between current events and firm response or reaction.

The implicit assumption made in this case was that the historic pattern of each trend would continue for the remainder of the term (seven weeks). Unfortunately, approximately a third of the *continuing* “trends” did not continue! The most common difficulty occurred when a particular “trend” occurred for a short period of time during the trend-setting period, then essentially ceased. Thus, there was no *continuing* “trend” to update, and therefore nothing for students to analyze.

This exercise met with relatively limited success over the course of the five year period it was used. In addition to complaints of the onerous level of work required to identify and then thoroughly study the identified “trends”, students repeatedly found it difficult to make the necessary connections between events and possible repercussions in either the short term or the long term. For faculty, the task of reading the submitted analyses and providing useful feedback became an increasingly time-consuming task as well, made all the more difficult by the repeated complaints that the continuing trends did not continue! In the final analysis, however, a small portion of students identified this exercise as one of the highlights of their university experience due to the use made of relevant information from a reliable, current source.

### Mini case 2:

*The capstone exercise.* Two complementary assumptions anchor the underlying foundation of the problem-based requirement for students to develop team designed international business plans. Not only should students be able to apply the wide range of accumulated past knowledge and skills in an integrated manner to a comprehensive business problem, but they should also do so in response to the time critical requirements of the volatile business environment. In this exercise for final year business majors, several teams were

## Developments in Business Simulation and Experiential Learning, Volume 26, 1999

established and each assigned the task of creating a start-up business plan for a small import/export firm. The final expectation was a completed business plan suitable for submission to a funding agency for lending consideration. Successfully completing this expected final product required extensive research into potential offshore markets (for exports) and suppliers (for imports), with the consummate need for accurate as well as timely market information (Morse, Laschenski & Bosung, 1997).

The search for timely (i.e., recent) market information relative to foreign markets and products proved a daunting task for students. While some sources appeared to be quite recent,<sup>4</sup> they also proved to be somewhat speculative and at times unreliable. On the other hand, extremely reliable information,<sup>5</sup> when available, proved to be dated relative to current market conditions. Also, increasing student reliance on electronic sources, especially the Internet, further strained the credibility of the information available due in part to the apparent minimal (or non-existent) Internet information quality control standards, which can vary widely by source.

A number of other significant problems developed throughout the five year period of this capstone type exercise, the most relevant being the confusion caused when information changed dramatically in a short period of time. Because of the cumulative nature of business plan construction, acceptance of less than fully reliable information early on in the project, which later proved to be

incorrect, meant a cascading series of changes and alterations later in the plan construction effort.

While in hindsight completing this semester-long project proved to be a valuable and much appreciated learning experience for participants, it also proved to be extremely frustrating for students and time consuming for faculty. The inability to find required information which is both timely and reliable – while certainly reflective of modern business practice – strained the patience of students. This was not significantly ameliorated when seeking faculty assistance, as there is little likelihood that faculty would have any more reliable information, or access to more reliable sources.

### Mini case 3:

*Transnational Consultancy/Contracting.* The problem-based exercise in this elective final year introductory course in international (as opposed to domestic) management is based on the premise that cross border and cross cultural operations are the fundamental focus of an international career orientation. Therefore, students are exposed to the wide ranging requirements devolving from the assignment to develop and present a feasibility study for a major offshore international construction project (such as an international airport, a telecommunications system or a hydroelectric dam), where the prime contractor (their individual group) would be based in a parent country different from that of the contracting nation. Given the bare essentials extracted from an existing advertised Request For Proposal (RFP), each team is expected to generate a sufficiently detailed proposal which either demonstrates the potential for a profitable prime contract bid or, alternatively, convincingly suggests why such an opportunity be bypassed. The breadth and scope of such a feasibility study points students to a wide range of past learning experiences drawn from across the curriculum, and also the extensive current interna

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<sup>4</sup> Sources such as the U.S. Department of Commerce National Trade Data Bank (NTDB) (updated monthly) and the U.S. Chamber of Commerce Quarterly Briefing Notes, for example.

<sup>5</sup> Sources such as KPMG's Doing Business in ... series and a similar series produced by Arthur Anderson & Associates are examples.

## Developments in Business Simulation and Experiential Learning, Volume 26, 1999

tional information available only through transnational sources.

As with the first example, the latest relevant current events are critical to develop a truly competitive bid. In this case, such information is unlikely to be readily available in the detail students tend to believe necessary, raising possession of wide ranging research skills to a premium, and making time of the essence. It is not surprising, then, that students tend to become quite demoralized when the underlying RFP is withdrawn part way through the project, or some other major cataclysmic event (such as withdrawal of financing) appears to render the exercise pointless. It then becomes a difficult task for faculty to revitalize student interest.

### SYNTHESIS

For anyone familiar with the vagaries of working in the messy, unpredictable environment of the modern business world, none of these results should be surprising; in fact, they tend to be indicative of the success of such problem based exercises in replicating the conditions existing in the post-academic employment environment. But, the cases above (and certainly others) highlight some of the major pitfalls which result from relying on the "co-operation" of the actual environment when designing and implementing relevance based problem solving exercises. The unanticipated behavior (or mis-behavior) of environmental actions may cause unsettling disruption in the well-planned curriculum. Maintaining student interest in the face of great swings in both the quantity and the attendant quality of current information is a difficult, though not insurmountable proposition. Additionally, potentially disastrous actions unforeseen in the planning and development process may cause some disquiet, and even conflict with an otherwise smooth running academic experience. Thus, the potential disruption in the student learning process is a very real concern.

In addition, implementing such exercises imposes an additional burden on faculty in terms of both administration and responsiveness. Administratively, modifications to problem requirements, student deliverables and assessment mechanisms create additional work for faculty. Further, reducing direct faculty control demands increased adaptability to the dynamics of a changing environment, and explaining such changes tests the mettle of the implementing faculty member(s), especially regarding the impact of the lack of cooperation of the environment on student assessment.

Despite these pitfalls, the benefits derived appear to outweigh the problems associated with relevance-based problem solving exercises. Having to respond to unanticipated changes develops a certain measure of analytical agility and responsiveness which is not often the result of other types of exercises, especially when those changes can be justified on the basis of empirical, rather than curricular, grounds. Likewise, the need to be able to deal with conflicting and at the same time changing data, shifting external observations and incomplete analysis further improves quick thinking and responsiveness on the part of students. As with other forms of experiential learning, contending with the vagaries of the dynamic international environment as a student develops an individual heuristic algorithm for dealing with such dynamics, on which future activities can be interpreted, evaluated and revised (Kolb, 1984). Thus, using this approach is a complement to other, less dynamic learning methods such as case studies, simulations and games (Malik, Howard & Morse, 1997), all of which also develop students underlying problem solving algorithm.

Additionally, benefits to students appear to be long term, and seem to add to their post-graduate marketability.<sup>6</sup> In each of the three mini-cases

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<sup>6</sup> Indicated by anecdotal student reporting.

## Developments in Business Simulation and Experiential Learning, Volume 26, 1999

above, students overwhelmingly appreciated the attempt to use the existing environment, rather than to sterilize an historical example (Morse, 1992). Further, anecdotal evidence from graduates indicate that participation in such unstructured exercises provided them with an essential background for employment after graduation. Such long term benefits seem to far outweigh the short term difficulties a single semester of environmental fluctuation and disconcert imposed on both students and faculty.

### CONCLUSION

Perhaps the advice provided with each investment prospectus is an appropriate caveat for those seeking to incorporate the vagaries of the external environment in developing their problem solving exercises, in that "past performance is no guarantee of future behavior". While this paper highlights difficulties associated with excessive reliance on a co-operative and predictable international business environment, anecdotal evidence indicates that, despite the pitfalls, major contributions are made to student learning through direct interaction with the dynamic nature of that environment. Further, resulting student perceptions of relevance are high and student willingness to participate in future similar exercises is significantly strengthened. As we move into the 21<sup>st</sup> century, the pressure for visible relevance will undoubtedly increase.<sup>7</sup> It is becoming increasingly important to develop direct links between educational activities and the dynamic external environment – a requirement that, despite the potential pitfalls, promises both short and long term benefits for students.

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<sup>7</sup> Made all the more significant by increases in market pressures through funding reduction and competitive deregulation.