

**Developments in Business Simulation and Experiential Learning, Volume 28, 2001**  
**A DAILY EXERCISE IN THEORY APPLICATION: IS THIS**  
**WHY I HAD TO TAKE MARKETING, MANAGEMENT,**  
**FINANCE ...?**

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*ABSTRACT*

*This paper details a daily class exercise where students learn to apply previously learned business theory, methods, and models to current business events. The exercise uses class participation, critical thinking and theory application in a practical manner. Students learn about current business activity in a “non-academic” situation. The instructor can easily grade class participation after students learn the exercise. While students usually grumble about the exercise at first, by the end of the semester, most of them believe that it is a valuable and fun learning tool.*

**INTRODUCTION**

Application of theory is an on-going issue in higher education (Falkenberg, Russell & Ricker, 2000). Practitioners who employ our graduates are concerned that they know theory but can not apply it. Many also think that our graduates view theory and business “academic” models as simple neat problems that have one correct answer (Raelin, 1997) such as “two plus two equals four.” Watson and Temkin (2000) argue that business schools “have come under attack” because they do a poor job of providing relevant training and skills to students.

Many business professors require students to subscribe to business periodicals but nothing else happens. Students tell of having high stacks of the *Wall Street Journal* or *Fortune* or other news material but never reading them. This short exercise provides an opportunity for undergraduate strategy students to be involved daily in active learning. Through the exercise, students have to actually read some articles from a current business periodical, become aware of current business events, apply business theory to the events, and quickly get involved in class participation.

Students in business colleges often do not see the relationship of various courses since many faculty members tend to teach information, models, and theories for their separate specific disciplines. Our faculty members do not always have the time, knowledge, or energy for integrating information and knowledge from other disciplines. In the business capstone courses, we use cases, term projects, group and individual presentations, and business simulations as a means to get students to learn the

interrelationships of our various disciplines. I also use a daily exercise to get students to apply business theories to actual events.

This is a small exercise where students began to apply those business theories and models to current situations. The exercise is a quick way to get the class going every day; it is fun and easy. Students get involved in applied learning and learn about current business events. At its best, the exercise can motivate the class to complex discussions about the various theories that are useful in daily business life.

**OBJECTIVES OF EXERCISE**

The primary objective of the exercise is to have students begin to recognize that the theory they have been learning in all business classes can be applied to current business events and situations. A second objective is to motivate students to become aware of actual businesses and their activities. A third objective is to encourage students to think critically and to practice oral communication. Finally, it is an encouragement or, in the words of a reviewer, a mild coercion for class participation.

**EXPERIENTIAL EXERCISE**

In an undergraduate or graduate strategy class, students are required to read *Business Week* magazine on a weekly basis. In other classes, students could subscribe to *Forbes*, *Fortune*, *The Wall Street Journal* or any other business periodical. However, *Business Week* is my preference because it is colorful, has many photos, many slick ads about familiar products, short articles and is a quick read. If the expense to students is too great, the teacher can take a *Business Week* magazine apart and give students different individual articles. The benefit to having the entire class subscribe to the same business periodical is that everyone has equal access to all articles, good and bad, difficult or easy, and several different students can comment on the various theory applications in a single article.

The instructor might be inclined to allow any business article for class reporting but this would consume more class time. The student would have to give more information than the limited two sentences in order to explain the business action to all class members. If all

## Developments in Business Simulation and Experiential Learning, Volume 28, 2001

students use the same periodical, any student can independently read the article in question on his or her time, if the article is of interest. The instructor should only use credible news sources for reporting purposes. Our college students are not well trained about the validity or reliability of news sources and might attempt to use the television talk shows or the gossip mags at the supermarket checkout counters if we allow them to report on any article they wish.

The simple exercise allows each student the opportunity to report on one article each class period. (I have used this in classes of 25 people and the exercise does not take more than a few minutes each day.) The student first tells the class the significant content of the article in two sentences or less. For example, a student might report, "Top executives of Ford Motor Company expressed surprise that executives of Firestone Tire, a subsidiary of Bridgestone Tire Company, seemed to have known for some time about the defective tires they were selling Ford." The student gets NO credit for telling the actual current event. In order to get class participation or homework credit, the student must then, in two sentences or less, tell the business theory that is demonstrated in the report. For example, the student might use the following application, "This demonstrates how a manufacturing firm is dependent on a supplier for the quality of the final product." Another student might apply an ethical model to the article. A third student could discuss how Ford could ease the dependence on suppliers by vertically integrating, thereby controlling the quality of the tires by manufacturing them in-house. At first, I allow application of any business theory or paradigm at first. Students could say something as simple as, "This is a marketing strategy" or "This shows product innovation," or "This demonstrates the value of human resource management." I urge them to use more complex models as the semester goes on. If specific students continue to use simplistic applications, they get a written note from me, in person or via e-mail, asking them to discuss this with me. Only a few students get such a note. After a month or so, students usually compete to use more complex theories such as financial risk models, agency theory, or social responsibility (or the lack thereof), especially when they can quote some material from the text or from a previous class lecture.

Students are limited to four sentences so this exercise also practices conciseness. This exercise will only take a few minutes in class and every student can participate. Once students learn to give the report in four sentences, the exercise goes very quickly. An alternative to the four oral sentences in class is for students to write the four sentences and turn it in for homework. The disadvantage to this method is that students do not share with other students. And the teacher has to read and grade the papers.

I provide several examples of the four sentence theory application during the first two weeks of the semester. I provide examples in writing and orally after students have had time to read a specific article. I also require that each student read the cover story and one article relating to his or

her academic major each week. The class sometimes has a spontaneous discussion about the cover story when several students see different theory applications in the same article. Students enjoy more in-depth discussions of current events and I allow this when students can see the practical value of the theory applications. (This is not an exercise in simply having students learn current business events and the instructor should be cautioned that students want to "gossip" and provide their opinions about what is currently happening in business.)

Various classes will impose rules upon themselves, e.g., the person reporting on an article must first tell the title of the article or the date of the article or the page number. Or the class may decide that students who wish to comment on a previous article must do so immediately after the article is first discussed. Students will often determine the order of reporting – some classes insist the "turn" move around the room from one student to the next one beside him, other classes urge students who rarely participate to go first, other classes want a random order. Since the instructor is recording the student speaker's name (for grading) it is usually convenient for the teacher to assign someone to act as moderator to call on students or have the class establish procedures for order of speaking.

Some students come prepared to give a report every day. Some students give a report randomly. If a student has not presented a summary with theory application during the first four weeks of class, I give the student a note, asking him or her to talk to me about non-participation. We can then discuss the student's sense of inadequacy, shyness, lack of preparation, inability to see applications, etc. I do not require participation every day but I ask for participation at least once a week. If a student frequently reports the content of the article and gives no application, I ask the student to see me. Other students sometimes help the student who is "stuck" and can not find a theory application to the information from the article.

Almost any report is acceptable after students learn how to apply theory. Students enjoy being creative by applying theory to advertisements, or by watching for follow-up articles to "prove" or "disprove" earlier theory applications. During the fall, 2000 semester one student consistently read and evaluated the comments about U.S. presidential candidates in an attempt to demonstrate bias on the part of *Business Week* editors.

All *Business Week* theory application reports are a part of the total class participation grade, which is usually about 10% to 15 % of the total grade. The actual application of management or strategy models to current business activities is about 5% of the final grade.

### PRECAUTIONS

Instructors who use this exercise could be aware that the greatest problem is students reporting information that they read in the article and believing that is enough. Students have to be trained to think critically and use

## Developments in Business Simulation and Experiential Learning, Volume 28, 2001

application of theories. The alert instructor can do several things – give students a note or contact them via e-mail when they have not applied theory or continue to provide examples in class or on a web page or via a listserv. Another method is to assign a team or individual students to assess whether theory application has occurred. Often, comments from fellow students about the lack of theory application are more meaningful than comments from the teacher.

A second problem that can occur is one or a few students can dominate the reporting, talking too long, i.e., more than the four sentences, or always insisting that he or she is first. If the teacher realizes that the same students are always talking first, try a different rotation or method of reporting. Or communicate personally with the student that he is she is using more than four sentences. Once the class learns the exercise, students will sometimes stop a longwinded classmate and will frequently point out that someone else has already reported on a specific article if the speaker was not attentive when the article was first reported. If the entire class becomes long winded, cut the allowed sentences to two, one for information from the article and one for the application.

Students have to be trained to be concise. Explain that they are not to report on everything in the article. (Remember that students have often been rewarded in the past for quantity, rather than quality or conciseness.) Students are to give the class information on one aspect of the situation, not the total situation as reported. This forces students to determine which business theory they wish to use and then give the class limited information where the theory can be applied.

Finally, a problem is that students can feel overwhelmed with the sense that a report is required each class period. I allow students to use the previous three weeks of the magazine for articles and I point out that students can spend a few minutes reading the articles that are interesting to them and prepare several oral reports at one time. Then, they can report on the articles one at a time.

Some students, who have good skills of application and an interest in current events, will find this to be a boring exercise. I encourage those students to look for creative ways to report, i.e., using one sentence to give the entire report or finding several theory applications in a brief article.

### SUMMARY

This exercise is short and after the second or third class meeting, students are able to complete the exercise in 5-8 minutes (assuming a class of 25 or so students). The exercise does take a longer time when it is first introduced and for the first class or so after it is introduced. I usually have to give examples at least two separate class periods and some shy or over-achieving students will approach me privately to ask if their applications are correct before we

get to class. I encourage students to write out their four sentences and read them aloud in class if they are shy, afraid to speak extemporaneously, or fearful for any reason. Obviously, reading the report should be discouraged if students are relying too much on the reading.

Students receive immediate feedback from the teacher or from fellow students. They also gain easy class participation or homework points through this exercise. Another benefit of the exercise is that all students can participate.

The current event applications are easy to grade. The teacher can provide a check mark if a theory is applied or can keep a running list of students who verbally report an application. This exercise is a “groaner” when it is first introduced, i.e., students groan and believe that it will be difficult. It soon becomes a class favorite and many students report that it was their favorite part of the class. By the end of the semester they realize that the application is easy and contributes “cheap points” to their total grades. It also gives shy people practice in oral communication.

Anonymous student comments at the end of the semester include, “Talking about different strategic applications [from *Business Week*] will allow students to apply the information from the text” and “This allows us to see real-world applications of theories we learned in class.” One student even used an organizational theory application, “Having *Business Week* applications made us motivated to see what was going on in the ‘business world’ and allowed us to apply classroom materials and education to real world applications.”

Students have also reported that they were able to use information from this exercise when they were interviewing for jobs. The awareness of current business events is an asset for any interviewee. Finally, I know that the exercise is helpful because former students report that they continue to read business periodicals and that they started this practice in my class.

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