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THE JUNIOR ACHIEVEMENT APPLIED MANAGEMENT PROGRAM AS A COMPROMISE SITUATION BETWEEN THE SIMULATION AND THE INTERNSHIP

Marta B. Calás, University of Puerto Rico

ABSTRACT

Junior Achievement, the national organization which educates high school students in the practice and values of a free enterprise system, has created a unique opportunity for college students through its Applied Management Program. This program offers some elements of the simulation and some elements of the internship, as the students perform within the JA mini-companies, which emulate real operations in large scale organizations.

This paper describes an Applied Management Program conducted at the College of Business Administration at UPR, Mayaguez and compares its pedagogical elements with those provided by simulations and internships.

INTRODUCTION

Initiated in 1919, the Junior Achievement organization is an international business education program in which high school students learn business by doing business. These teenagers meet for two hours one night a week from October to April to operate their own miniature organization, usually a corporation.

Each JA company is composed of approximately 20 achievers who, under the guidance of adult advisers from business and industry (and in some instances college students), form their own board of directors, work force, and sales staff. They elect officers and decide on a product to manufacture or a service to provide, market that product or service, maintain records, report to stockholders, pay salaries and wages, and liquidate at the end of the academic year. At present there are over 250 franchised JA areas with over 200,000 students participating annually.

Funding for the program comes mostly from the local business community through sponsoring fees and donations. Since JA is dedicated to economic education, the policy has been established not to accept nonbusiness contributions (e.g., government grants). The idea behind this is that the program directly benefits the business sector, and it is therefore expected that business shoulder the burden of support. Very often business leaders express their concern that the American public has a distorted view of how a free enterprise economic system works. Junior Achievers learn firsthand the realities of average profits and corporate taxes, not by being lectured about it but by discovering it while dealing with profit-and-loss statements. This type of education insures the future of the system.

But there is another more immediate educational advantage which accrues to the firms. The advisors, often specialists in their own fields, gain a broad outlook of the total management picture. Every week they face problems common to any business enterprise: budgeting, pricing, sales objectives, break-even analyses, employee relations, and purchasing, among others. Achievers make the ultimate decision, but the advisors act as consultants who are expected to provide sound guidance.

For the advisers, a year in a Junior Achievement mini- company probably goes beyond the experience provided by an integrated case study or a complex computer- based simulation. Regular JA adviser system provide three advisers from the sponsoring firm to each mini- company. Typically these advisers are middle managers from production, marketing and accounting. A variation of this system is known as the Applied Management Program. Under it, junior and senior undergraduates and, in some instances, graduate students, act as "associates advisers" for the JA mini-companies. They work side by side with the business advisers and, in return for their invested time, are given academic credit by most of the schools. At the present time, about 83 universities and colleges in 69 Junior Achievement franchised areas are participating in Applied Management. [1]

It is the objective of this paper to describe the advantages of an Applied Management Program as it is conducted at the University of Puerto Rico at Mayaguez. and to indicate how the Applied Management Program compares with two other currently used experiential learning techniques: the simulation and the internship.

THE PROGRAM

In 1976 the College of Business Administration, UPR-Mayaguez, after sustaining conversations with officers from Junior Achievement of Puerto Rico, decided to start an Applied Management Program during the first semester of the academic year 1976-1977. At the time, Junior Achievement had eight mini-companies in the Mayaguez area, and the College decided to place one associate advisor in each of them. The program was to be run as a pilot project for one year, and the students were enrolled in a special problems course and allowed to earn up to six credits for their work. Students in this original group were business seniors with a GPA of 3.0 or higher. The College felt that these individuals were more able to benefit from the experience and provide sound advice to the mini-companies.

At the end of the year the College students were evaluated by the Achievers and by the senior advisers through a structured performance appraisal questionnaire. Moreover, a letter was requested from each sponsoring company summarizing their experience and their position regarding the associate advisers. The Achievers and senior advisers rated the College students' performance as excellent on all counts, and the sponsoring firms recommended six of them for junior management positions in their companies upon graduation.

Since the program appeared to be very successful, the College decided to continue it during the next academic year (1977-1978). However, some changes were made at this time:

1. junior undergraduates were allowed to participate
2. students with a GPA of 2.0 and above were considered.

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The main reason for these changes was the demand generated by the sponsoring business firms, most requesting as many associates as senior advisors. Since all advisers participate in a rather exhaustive training seminar before starting the program, there was much common ground thereafter to develop a healthy working relationship.

Eighteen students participated during the second year of the program, and for the current year JA Applied Management is already considered as a regular offering within the College's courses, having 24 students presently enrolled.

ADVANTAGES OF THE PROGRAM

For the College

When the program was started in 1976, the College perceived its main advantage as that of providing the business administration undergraduate with the opportunity to observe the initiation and development of an organization and the manner in which its different elements behave and interact. Since then, two other advantages have developed: first, the exposure obtained by the College within the business community has enhanced its image; and second, it has enlarged the market for its graduates.

For the Students

An evaluation form which each student is requested to complete at the end of the year, consistently indicates the following perceived advantages:

1. opportunity to practice, as advisers, the theoretical concepts learned in their regular business courses.
2. learning from the experience of the senior advisers and other business people with whom they were in contact.
3. being able to observe the business world and to acquire a holistic view of the organization from a presumably safer environment before entering the real business world.
4. knowing that the sponsoring business firms, as potential employers, could evaluate their actual performance rather than their possible abilities from a resume and/or an interview. They perceived this as enhancing the opportunity to be hired when competing with other students who did not participate in the program.

It is beyond the scope of this paper to consider the program's advantage to the sponsoring firms, but mention should be made of the opportunity for selecting, inducing, and pre-training managerial personnel.

APPLIED MANAGEMENT: SIMULATION OR INTERNSHIP?

The Applied Management program could be considered as a middle-of-the-road technique if compared to an internship or cooperative program and a simulation or management game. Similar to the internship in the sense that real companies provide the environment and that students act within a live-

case" framework, there are many other elements which make it different. First, students continue their regular studies while advising for JA. Most internship students enter a work interlude for a semester or a year. A second difference is that the internship usually places the student in a middle or low managerial or staff position related to a limited organizational function, and as such he/she gains work perspective but a limited view of the organization. The associate advisership is similar to a top staff position, allowing a more complete understanding of the interrelations between the organizational functions. But even though the JA mini-companies are, in a sense, real companies, their peculiar nature will never be exactly the same as the 'real world where the internship takes place.

On the other hand, neither program places a heavy burden on the instructor, since normally the number of participants per company is not too large and the instructor's job primarily consists of being an occasional advisor and supervisor. Also, paperwork is kept to a minimum.

Perhaps the main difficulty for both programs is evaluation and grading. A large part of this function is carried out by "outsiders" who sometimes tend to be either too lenient or too demanding, and whose standards are difficult for the instructor to judge. Additional work, such as a term paper does not reflect the real performance or learning intended as program objectives.

Applied management also resembles a simulation or management game. In a sense JA mini-companies are equal to the management game as an imitation of real operations by large scale organizations. Moreover, both activities are likely to integrate functional organization elements for policy-making decisions. But here the resemblance ends. It is very unlikely to generate a real product or service in a simulation, whereas mini-companies' products and their actual sale is very real. Furthermore, in the simulation participants are usually a large group of students all vying for a 'piece of the action, for evaluation and grading is likely to be based upon their active performance. Under these circumstances, assigning individual grades could be a very difficult task for the instructor. Additionally, while the instructor's administrative duties and paperwork in the JA program are minimum, most simulations require an enormous amount of paperwork and administrative detail beyond regular instructional activities. [23]

IMPLICATIONS FOR MANAGEMENT EDUCATION

The Applied Management Program discussed above has been introduced as an innovative approach to experiential learning. Gathering elements from the internship and the simulation, the resulting product appears to incorporate the advantages of both without the disadvantages. Nevertheless, Applied Management does not replace any of those two.

The simulation and the internship are not alternatives for one another, for each has very definite characteristics and objectives. Applied Management unites them as an additional resource for learning business by doing business.

The following table provides a summary and an evaluation of the pedagogical elements present in the three techniques.

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| PROGRAM | APPLIED MANAGEMENT | INTERNSHIP | SIMULATION |
|---|--------------------|------------|------------|
| Integration of organizational elements | E | F | E |
| Developing decision-making abilities and leadership | G | F | E |
| Resemblance of "real world" | G | E | F |
| Instructor involvement in activities | F | P | G |
| Group size | E | E | F |
| Evaluation and Grading | F | F | P |
| Paperwork | E | E | F-P |
| Degree of students "sacrificing" their time | G | P | E-G |
| Exposure of student to job market opportunities | G | E | P |
| E-excellent F-fair G-good P-poor | | | |

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- [1] Bureau of Business Practice Junior Achievement. Waterford, Conn.: Special Report, November 21, 19 77.
- [2] Faria, A. J. and R. O. Nulsen Jr. "The New Research Focus: An Analysis of the Simulation Game User" in Daniel C. Brenenstuhl and Samuel C. Certo, (editors). ABSEL Proceedings, 1978, pp. 25-29