

Developments in Business Simulation & Experiential Exercises, Volume 15, 1988

SIMULATION AND THE RECALCITRANT STUDENT

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ABSTRACT

Equitable distribution of task assignments and responsibilities among members of group exercises is a perennial problem. This not only applies to the assumption of duties but also to the performance of such duties to the satisfaction of other members of the group. From the student's point of view, this is especially pertinent when the group grade becomes the individual grade for each member of the group.

This paper addresses an innovative technique used to resolve such problems. The technique is of particular interest because it expands upon the concept of gaining business experience by the utilization of a management simulation exercise. It is also of interest because it worked.

BACKGROUND

Senior level management and marketing simulations have been in use at SUNY-Geneseo for several years. Less complex simulations, suitable for use as an introduction to this type of learning experience, have not, however, been implemented.

Last Fall the author was asked to teach Management Science 300, entitled Management Principles and Organizational Behavior. With almost four decades of business experience, a significant portion of which had been spent in management, this was an appropriate assignment.

MSc. 300 is a required course for Management Science majors to be taken the Fall of their junior year as one of the initial substantive courses in their field of concentration. In order to provide the students with a proper foundation for more advanced study in their academic major, the author determined that a practical 'hands on' approach to the subject matter would be of greater value than a theoretical approach. This decision logically led to an analysis of the best way to present a classroom 'hands on' approach short of actually becoming involved in the business world. After considerable investigation and discussion with faculty colleagues, the next sequential decision was that this goal would be best satisfied by the use of an introductory management simulation.

The requirements for such a simulation were that it be of an introductory nature, be realistic, structured for group or teen conduct, not require student-computer interaction and, above

all, it should stimulate and hold student interest. A review of available simulation materials that fulfilled these parameters led to the selection of Manager II: A Simulation.

It was then necessary to choose a course text that was compatible with the course pedagogy and the simulation exercise. After an extensive review of available text materials the decision was made that Management best satisfied the needs of compatibility with the simulation and a practical orientation to the study of management principles. It was, therefore, adopted as the course text.

INTRODUCTION

MANAGER II: A Simulation is a business gaming exercise involving relatively small firms competing in the manufacture of automobile radios. It is designed for a maximum of twelve decision periods each of which covers one quarter, a three month period of time. The students are divided into companies that submit eleven business decisions per quarter. These decisions run the full gamut of business managerial operations such as pricing, marketing, production, research and development, facilities, capital and dividends. Quarterly input also requires a decision concerning a business ethics or social responsibility Incident.

All companies start from the same financial/production position. Each company submits quarterly handwritten decision sheets. This data is entered into the computer program by the instructor (or student assistant) and output is generated for each company showing the results of its business decisions. The instructor can vary a number of parameters such as the business activity index.

The simulation was adopted to MSc. 300 by requiring weekly decision inputs for eight weeks or the equivalent of two years of business operations. Four students, plus or minus one, were assigned at random to form each company. Random assignment of company members was done on the basis it better equated to the real world and on the caveat that it was highly unlikely students would sally forth into the business world accompanied by their roommates.

The culmination of the equivalent of two years of operations was a written and oral presentation by each company. The basic purpose was for each company management team to report to the owner what the team had done with the company over the

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two year period It had full responsibility for the business. As the simulation was a practical learning experience, the emphasis of the final report was on what the management team had learned. Obviously profit was of interest, but of more interest was the knowledge gained by actual doing - what mistakes did management make, how could such mistakes be avoided, what would be done differently if the team had It to do over again?

Each management team received a single overall grade for the simulation which included the quarterly decisions, the final written report and the final oral presentation. This same company grade was then assigned directly to each individual member of the company on the tenet that in the actual business world all members of the management team share equally in the success or fail lure of company operations. As the simulation exercise was the most significant single part of this course, it comprised 25% of the overall course final grade.

METHODOLOGY

In planning the simulation exercise, one of the first questions addressed was how best could the recalcitrant student be handled. The student that for one reason or another failed to carry his or her share of the managerial load. To not recognize this problem would be patently unfair to the other team members. Such a student would in effect get a 'free ride' by sharing the grade generated by the other members of management without making any contributions or without even participating in the business decision making process. The learning experience for such an Individual would be nil.

To not recognize such a problem would also be unrealistic. As the purpose of the simulation was to relate to actual business practices as much as possible, how would such a problem be handled in actual operations? Surely business has a way to handle non-performers.

To solve the problem of the potential recalcitrant student, the course syllabus included the following:

Each company can fire a member. This is subject to an administrative agency review. If the employee is fired without being reinstated, the individual will receive a zero grade for the simulation. If reinstated, it will be retroactive with full benefits.

DISCUSSION

Faculty colleagues considered this to be an interesting and novel approach to handle such a perennial problem, but they were skeptical that a firing would occur because of student peer pressure. Nevertheless the technique was implemented and the students were made very well aware of it at the start of the course.

A member of company management was fired each

semester. There were 49 students divided into twelve companies in the Fall term and 35 students comprising nine companies in the Spring term. In the Fall, one company fired the Vice President for Finance and in the Spring the President of company was terminated.

In both cases, the reasons were basically similar. The terminated manager failed to attend company meetings, failed to participate, and failed to follow through and complete, in a timely manner, responsibilities the individual had agreed or volunteered to do. In both cases, the companies considered the individual not only a non-performer but also a hindrance to company operations. Therefore the officer was fired to prevent erosion of the company's final grade. The individuals were notified of their termination by a letter that enumerated, in detail, the specific events and reasons for the company's action.

Notification of a firing generated the need to establish an administrative review process. Each term the process was developed in full consultation with the entire class. Both times the results were basically similar, namely; the administrative agency review board would be made up of a representative of each of all the other companies. Each company would select its board representative as it saw fit.

The hearing would be conducted before the board with the balance of the class in attendance but not participating. In the Fall term at the conclusion of the hearing, the board members would return to their companies to arrive at a consensus of how each board member would vote on behalf of the company in the Spring term each board member was empowered to vote directly without seeking company consensus.

The mechanics of the actual hearing, if requested by the terminated employee, were an opening oral and written presentation to the board by a company representative describing the reasons for termination. The employee then had the same opportunity to present orally and in writing his or her reasons in opposition to being terminated. The conduct of the hearing was to be informal in nature with the board members to have an opportunity, as desired, for open dialogue with the company representative and the terminated employee. At the conclusion of the open hearing, the board members would convene in private to deliberate and then render a final written decision, either upholding the termination or reinstating the employee with full retroactive benefits. The most significant benefit was that the reinstated employee would receive the same simulation grade as the other members of management, even if he or she had not participated in the company for a period of time because of the individual's terminated status.

The Financial Vice President fired for cause in the Fall semester did not contest the firing. He did not request a hearing nor did he ever even approach the Instructor regarding his course status. As per the syllabus, he received a zero

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for this portion of his final course grade.

The President fired for cause in the Spring semester contested the company's action and requested a hearing before the administrative review board. The hearing was conducted as outlined above and, after due deliberation, the President was unanimously reinstated. The written decision rendered by the board upheld the company's charges that the President failed to carry out assigned responsibilities. The President readily admitted this. The board also found the President had missed several meetings without prior notice but the same was true of other company officers. The board found a lack of set company policy in this area which was indicative of a degree of laxity by the company as a whole.

In addition, the board found that certain problems could have been avoided by better involvement of other company officers. Other charges were found to be irrelevant. The board also found there was a lack of communications and there was a lack of awareness of company activities within the management group. It was this last finding that led to the reinstatement of the President. Specifically, the board found the basic problem was the loose organization set up by the management. This, plus poor communications, led to, but in the eyes of the review board did not justify, the termination of the President.

The President was received back into the management ranks without any ill-feeling or retaliation. All the companies had been admonished at the start of the simulation, that retaliation against a reinstated employee was contrary to the regulations of the administrative agency and would be dealt with by the agency as it saw fit. Fortunately, this did not happen and the reinstated employee presided in her position as President at the final company presentation.

An interesting side issue developed in the selection of one of the board members. Several members of one company advised the instructor that their representative had volunteered for the job and they felt uncomfortable because the individual would be unable to render an impartial decision because of bias. The company members were advised to present their concern to their board representative and to further advise him that one of them would assign the board membership assignment. This problem was aired with the class just prior to the convening of the administrative review board. The company representative in question readily admitted his bias and was willingly replaced without any complications.

OBSERVATIONS

Tremendous 'real world' experience was garnered from this termination process. The students were placed in a situation where they could take action if one of their team members was not, in their judgement participating adequately. Faced with such a problem, they had to wrestle with the decision of tolerating poor performance or of firing a fellow employee. Not an easy decision and not a chore relished by anyone.

Two of the companies perceived a problem and took action. They were motivated by enhancing their company's performance which they felt was being dragged down by one member of the management team. Such action clearly relates to the dynamics of the business world.

These companies acted knowing their action might be contested and they would then be subjected to review by an independent outside agency. The possibility of employee reinstatement with additional potential problems was also faced. One company had to appear before a hearing board to support its actions. One student had to face the trauma of presenting her case before the board. Eight students had the opportunity to participate and render a decision as an administrative hearing board. The remaining class members had the opportunity to witness a real life situation as it unfolded and reached a conclusion that was not predetermined, but based on the actual facts as judged by their peers.

The simulation exercise also provided experience with a number of other management concepts. Three of these stand out above the other lessons learned. The first was experience in human dynamics. Learning to work with other people who are unknown and perhaps not particularly compatible. All the companies faced this experience early in the exercise and the students learned to adjust to, and work with, other people. The students began to realize, perhaps for the first time, the necessity of team effort.

The second concept that the students gradually became aware of was the need for long range planning. Company strategy was to be formulated at the initial organizational meeting. None of the companies developed plans for the entire two year period that lay ahead of them. A few considered one year in the future, but most only planned for the upcoming quarter. As they moved through the simulation and reaped the ill-effects of no overall long range planning, they began to see the need for and actually did project their thinking further into the future.

The third particularly interesting insight gained was in the area of business ethics and social responsibility. Each quarter a problem of this nature arose and a choice had to be made between alternative ways of solving the problem. The alternatives were not clear cut and the companies were told that unethical or socially irresponsible decisions might or might not cause immediate unfavorable repercussions. Nevertheless almost every company started out by selecting the alternatives that were the most expedient, the least involved or the least costly. The results of such shallow or unethical decisions became painfully aware to those that chose such a route. As the exercise progressed, ethical maturity became evident and decisions were made accordingly. At the end of the simulation all companies, with one exception, stated they could clearly see the benefits of ethical business behavior. That one exception continued to maintain that a 'close to the

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expedient method of operation, placing the company above society In general, was a better way to operate. -

CONCLUSION

The technique of letting a student group fire a recalcitrant member, subject to a hearing by an independent agency with the possibility of reinstatement with full retroactive benefits, is effective and It works. The rights of the teen and the rights of each Individual member are simultaneously protected Equity Is afforded the diligent participants and non-performance is properly recognized and not permitted to detract from otherwise good overall team conduct.

This technique relates extremely well with actual business practice, namely, the prerogative of management, subject to appropriate checks and balances, to fire a non-performer. The experience gained was as close as possible to the actual business world, short of actually going through a real life situation.

But, above all, perhaps the most significant observation is that the students had the maturity to utilize this process and they did so with full realization of the reality they were living. They appreciated the opportunity to have such a learning experience. They agreed they benefited from this experience.

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