Conscious Capitalism Simulation Experiences – Captivated and Anxious

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Abstract

Corporate social responsibility and ethics are increasingly important in achieving business goals. *Conscious capitalism* is a "way of thinking about capitalism and business that better reflects where we are in the human journey, the state of our world today, and the innate potential of business to make a positive impact on the world" (McCobin, 2017). Simulations have been shown to be one of the most effective learning tools. I have adopted simulations in three business courses. The Conscious Capitalism® simulation (CC®) engendered significant engagement of and challenge for students. Placed into diverse teams, they are captivated by role-playing senior business executives in an active, hands-on learning experience. Success depends on team members, competition from other teams and information not yet available (Cadotte, 1995). This is an example of novel and adaptive thinking in a constantly changing and unpredictable virtual environment. Often, students are uncomfortable with interdependence and find it difficult to grasp that "there can be no magic bullet strategy or single combination of actions and decisions that is 'guaranteed' to produce an industry-winning performance" (McGraw Hill, 2016). This ambiguity simulates 'real world' challenges. Anxiety results if previous academic success stemmed from clearly structured problem-solving in order to "know the answer." Student reflections note a refreshing style of learning, the thrill of competition, and being humbled.

This presentation discussed CC® pedagogy, provided context for student reflections and offered the audience opportunity for input on a new diversity and pay equity module in the CC® simulation.

Keywords: Active learning; Simulation; Conscious Capitalism

Introduction

This report shares findings from the literature that informed the design of my senior business strategy CC® simulation-based courses. A summary of student reflections is presented that illustrates the experiential nature and value of this learning journey. Student teams manage virtual businesses from start-up to mature life cycle stages. The objective is to have the best performing company at the end of the simulation. It is challenging for students to adjust to the emphasis on self-guided critical thought and decision making since the instructor does not tell them what to do in the simulation. Students are immersed in adapting to change. Under tight deadlines, teams explore and debate possible decisions for their virtual businesses. Effective teamwork and managing stress are critical success factors. As the simulation tests their agility in responding to circumstances they do

not fully expect or understand, anxiety may result. This high-impact active learning experience closely mirrors the realities of the workplace so students may be better prepared for their future careers.

Summary of the Literature

Experiential Learning Theory (ELT) defines learning as "the process whereby knowledge…results from the combination of grasping and transforming experience" (Kolb, 1984, p. 194). Simulating the real experience engages the student at one of the deepest levels of learning (Dale, 1969). Students immersed in a simulation game are highly engaged in applying knowledge and experiencing results. ELT is relevant regardless of the academic field or type of institution in which the learning takes place.

Simulations are used in a variety of disciplines such as medicine, airline transportation and business. Senge's view (2017) that what changes a person so that they learn is an outcome of training, not study alone, is apt. With deep, active learning in an immersive experience, students learn by doing. In a business strategy course "simulation-based pedagogy offers an experiential learning process that emphasizes repeated action, reflection, accommodation, and testing" (Kamal, 2017, para. 16).

This draws parallels with experiential learning in an Arts education. Zull (2002) suggests an Arts education is built on the demonstration-practice-critique process where active expression and testing are continuously involved in the learning process. Simulations in business courses may engage students in this arts-like learning space by emphasizing the importance of active reflection (Keeton, et al., 2002). Teams demonstrate their knowledge of business processes, practice this understanding, and work with critiques/feedback from their results to improve future performance.

Experiential learning through simulations offers valuable opportunities to help prepare students for workplace realities. However, there does not appear to be widespread use of this practice. McKinsey & Co's report on the challenges students experience in transitioning from school to work interestingly notes that "more than half of employers and the graduates themselves believe they (the students) are unprepared for employment" (Mourshad, 2016, p. 10). Mourshad further stated: "youth believe they learn best from practical or on-the-job experiences, but only 16 percent state that this was a major focus in school" (Mourshad, 2016, p. 11). Simulations may address some of these gaps by providing a practical approach to learning that is very close to actual on-the-job training.

There is also a significant gap between student and employer expectations of which skills are relevant in today's work place. The Conference Board of Canada notes that "despite Canada having one of the highest levels of educational attainment in the world, employers regularly complain about a lack of skills" (Grant, 2016, p. i). Grant notes that these skills are needed for employability: personal management, adaptability, working with others and having a positive attitude. The University of Phoenix states that novel, adaptive thinking, making sense of changing events, and collaboration are key future work skills (Davies, 2011). The World Economic Forum also emphasizes novel and adaptive thinking as a "Top 10" skill desired by employers in a technologically-advanced and changing world (Ratcheva, 2018).

Simulations enhance the ability to collaborate, manage emotions and adapt to changing circumstances. The literature suggests that the so-called "soft" skills are increasingly desired in the work place. Through simulation, students improve these skills by working in teams to respond to unexpected events. Clearly, there is an opportunity for educators to provide simulation-based and active hands-on learning that may enhance desired life and career skills.

The Conscious Capitalism (CC®) Simulation

The credo of Conscious Capitalism is a

> …way of thinking about capitalism and business that better reflects where we are in the human journey, the state of our world today, and the innate potential of business to make a positive impact on the world… They endeavor to create financial, intellectual, social, cultural, emotional, spiritual, physical and ecological wealth for all their stakeholders (McCobin, 2017, para. 2).

This credo was considered when this simulation was initially created. Managing the "triple bottom line" (people, profits, planet) is a driving force in company performance.

The CC® simulation is a specialized software product from Marketplace Live Simulations (MLS). MLS offers more than 20 marketing and business simulations. In CC® students are given a virtual company to manage from start-up to maturity. A *Balanced Scorecard* evaluates company performance on metrics beyond that of traditional profitability. Conscious capitalism dimensions are integral – environmental concerns, employee engagement/involvement, being a 'good neighbor' by contributing to local communities, providing worker training and health benefits, and managing supplier relationships to safely improve product quality.

This presentation solicited active peer input via an online poll regarding possible modifications to the CC® software. Audience members were asked whether it should include pay equity and diversity dimensions related to manufacturing in India. Seldom are educators consulted on these design decisions. The audience view was that pay equity should be implemented with men and women earning the same wages, and that diversity should be achieved in hiring without using an applicant's photograph in the selection process. At the time of this presentation it was MLS' understanding that India's culture was accepting of the opposite practices.

Pay equity and diversity are complex issues that can be uncomfortable to explore and may provoke difficult conversations for faculty as to what are the right courses of action. The individual faculty member's comfort discussing these subjects, often outside their formal expertise, is a key factor in students realizing the serious impact of these issues. My view is that my role is to guide students to explore diverse points of view. The new module will challenge students to consider global issues that may not be so prevalent in their domestic societies. The aim is to help them become more socially aware and responsible global citizens.

Integrating the CC® Simulation

When integrating simulations, I have learned that the typical course design changes and most of the work occurs outside the classroom. In this business strategy course 60% of the term grade was based on simulation results. Analysis of articles, team issue debates, and active contribution were the other graded elements. To assist students in overcoming their anxieties in this experiential learning journey, my view is the instructor's role becomes more of a trusted coach instead of lecturer. Weekly team meetings mostly replaced the need for formal lectures. A practice round, not counted for grades, was played so they could become familiar with the game from a place of psychological safety.

When forming the teams, I placed students into culturally diverse groups of four or five, being mindful not to place a female student in a group with three or four from another gender. I did not permit

students to choose their own team members. As they would soon be graduating, there was a need to practice how to work with people they do not already know. When they enter the workforce they will be challenged to integrate with unfamiliar employees with whom they will be working.

It is common practice in business courses to use peer evaluations when assigning team-based grades to individual students. It is noted in the syllabus that each student rates their own and each team member's relative contribution to all the work completed by the team. If everyone did their fair share in a team of four this meant each person received 25% (4 x 25% = 100% of the work). Each student would then receive the full grade the team earned on its assignments. If the consensus within the team was that someone provided 40% or 10% relative contribution there were adjustments to that student's grade. In the business world it is not uncommon for team feedback to be considered in an employee's performance appraisal.

In the CC® simulation students are challenged to make sense of the results from managing their virtual business. I concur with the view that in the beginning of the simulation students generally lack the understanding of how decisions made in a specific functional area (marketing, operations, human resources, finance, etc.) impact other areas and how they are tied to the firm's overall strategy (Kamal, 2017). As the simulation unfolds they learn to respond to the unexpected circumstances in the moment, and to the actions of competing teams. They are captivated by role-playing senior executives and emotionally buy into exploring their roles since they have a personal stake in the outcomes. Success depends on team members, competition from other teams, and information not yet available (Cadotte, 1995).

We need to be mindful when delivering simulation-based courses that negative emotions such as fear and anxiety can block learning (Kolb, 2005). Often students are uncomfortable working with teams and the interdependence that results. A team's results are also impacted by the unpredictable actions of other firms. Students find it difficult to grasp that "there can be no magic bullet strategy or single combination of actions and decisions that is 'guaranteed' to produce an industry-winning performance" (McGraw Hill, 2016). This ambiguity simulates the real business world where there are multiple pathways to an outcome and change is the only constant. Anxiety results if previous academic success mainly stemmed from clearly structured instructor-led problem solving to obtain the "right" answer. In CC® students are self-guided and there are no clear right or wrong answers. They are pushed outside their comfort zone to improve the coping skills needed in the workplace.

It is a best practice, as suggested by many simulation vendors, to base a large portion of the final simulation grade on company performance measures and how one team is ranked in comparison to its competing teams. This is not the approach taken at some post-secondary institutions. My view is we need to reward actual performance as is customary in the business world. In addition to the *Balanced Scorecard* metric, the grading of this simulation was assessed with individual quizzes and a team report and presentation. The report discussed results of the financial, marketing and operations decisions as well as the conscious capitalism strategy of their firm and their plans for its future.

Individual student reflections were also included in the final team report. Common themes related to teamwork, stress or personal management and how this course may have helped them prepare for their future careers. Noteworthy reflections included: the learning style was captivating and refreshing; the course was more fun than any taken previously in their four-year degree; they enjoyed the spirit of competition; they were thrown curve balls to which they had to react quickly; and of being humbled. Comments from the course evaluations suggested the students were more engaged in this simulation than with a traditional classroom lecture and assessment approach.

In Conclusion

My experiences adopting the CC® simulation align with the literature. Simulations can make learning hands-on and even fun. Students apply knowledge to compete in a virtual environment and then reflect upon how to improve individual and team performance. This experiential learning approach fostered better engagement and knowledge retention as reflected in quiz results and student feedback. Regardless of where a student's life path takes them, active learning in simulations will enhance some of the critical skills the literature suggests need improvement. The takeaways from this presentation included an appreciation of the Conscious Capitalism framework, how to integrate the CC® simulation into a business strategy course, and offered the audience opportunity to provide input on a new diversity and pay-equity module in this simulation.

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