

## **The Challenge of the Practice Firm: Simulating a Business Environment in the UAE**

A. Moore

RKWC, PO Box 4792, Ras Al Khaimah, UAE

e-mail: [andy.moore@hct.ac.ae](mailto:andy.moore@hct.ac.ae)



### **Abstract**

The once traditional learning environment of the classroom has changed tremendously due largely to economic and technological demands. The teacher-centred classroom has given way to the more enlightened student-centred approach with the learner expecting advanced technology in the classroom and on the Internet. In addition, the learner expects an educational institution to take a broader approach to his or her learning by introducing representatives from the community and/or industry to enhance the learning process and take a stake in the students' growth. Where students graduated with little hands on experience, they now undertake community projects, routinely do internships, learn work skills from business partners, and make extensive use of the Internet in addition to their studies. But even with this comprehensive approach to engage learners and offer diverse learning opportunities, students lack the practical know how of a working environment. To bridge this gap simulations in many professions were developed. The Practice Firm is a worldwide organisation of business simulations created to teach business practices. It is an effective means to combine the stable learning environment of the classroom and the real world experience of business and industry under one roof. At the Higher Colleges of Technology in the UAE simulating a work environment by turning a large lecture room into a virtual business has been a great challenge. Not only are various departments complete with business office equipment faithfully re-created, but also documents and processes are authentic; only the movement of money and physical transactions are virtual. In addition, the Practice Firm is interdisciplinary, in that faculty from business, IT, and English work together towards a common goal: to give students a holistic view of business from a broad perspective. This causes considerable planning and organizational difficulties, such as finding specially trained teachers, timetabling, resource allocation, writing course specifications and learning outcomes, developing company materials and assessment criteria for the three subjects. This paper will discuss the experience of the Practice Firm at HCT over the past two years and how we dealt with these and other difficulties. Ways in which the Practice Firm can be improved through international cooperation will also be discussed.

### **1. Introduction**

Simulations aimed at giving practical, hands-on experience under controlled monitored conditions help learners gain the skills needed to transition from a virtual environment to the reality of the workplace. Worldwide, simulations abound, training learners in careers as diverse as medical operating techniques, auto mechanics, and space flight instrumentation. They have become a common form of professional and vocational training found the world over. Giving learners the opportunity to develop skills in a non-threatening environment means better-trained employees will enter the workforce. It can be the ideal proving ground for learners who, for example, want to learn and practice business and IT skills needed as the global demand for labour shifts from manufacturing and agriculture to business and technology, in particular in the developing countries of the Middle East.

With over 5000 practice firms in 42 countries worldwide European headquartered in Essen, Germany is the largest business simulation network in the world. There were no practice firms in the Middle East until the Higher Colleges of Technology in Ras Al Khaimah joined the Australian Network in 2001 and made the practice firm a part of the certificate diploma program. Since then HCT has expanded to 6 practice firms in Semester 3 and 4 and forms the backbone of the business program at the college. It has become so successful that the largest college within the system, in Dubai, has adopted our approach and design and will set up three

practice firms in September 2004. This paper will take an in-depth look at the practice firms in Ras Al Khaimah and discuss the advantages and disadvantages of this non-traditional but highly successful learning approach.

## 2. Background

A practice firm is a simulated business that is set up and run by students as part of their business studies program with support from a teacher/facilitator. A practice firm conducts business with other practice firms in a simulated market economy on a local, national, or international basis. The practice of the firm is to trade virtual products and services in a simulated business environment – nothing actually is shipped or received; money and financial regulatory institutions are also fictitious. However, the business decisions, documentation, forms and activities meet real world business practice expectations.

As the first practice firm in the Middle East, The Higher Colleges of Technology provide an innovative learning environment aimed at developing students' entrepreneurial skills. Students undertake vocational education and training that delivers industry-endorsed competencies in the areas of business, sales, marketing, accounting, purchasing, human resources, public relations, and information technology. By participating in the practice firm students gain real business insights and an awareness of business sensitivities. Soft skills such as problem solving, decision-making, teamwork, time management, and establishing priorities are developed. They also learn about work routines and being accountable for their actions.

The HCT practice firms resemble the businesses on which they are modelled; their functions, organisation, and physical layout. The classroom is converted into an office and coming to class actually means entering an office complete with departments, business equipment, and a reception. Hours worked are monitored, paycheques are issued, and interviews for new 'candidates' are held. Although there is no actual transfer of money or goods, all usual business transactions take place: orders are sent, invoices are issued, financial records are maintained, sales and marketing strategies are developed and monitored.

Key to the practice firms' success is the business partner. All firms at the HCT have a local business partner or mentor that agrees to support in many different ways the students and teachers who operate the practice firm. This involves offering information about set-up, management structures, marketing, and strategic issues. Visits to the organisation are arranged on a regular basis and different departments are visited on a rotation basis.

Students are highly motivated and engaged in taking care of business; this is their business and the energy and commitment to make it work comes from newfound autonomy and the challenges of running their own business. Enthusiasm runs rampant as students sell goods and services at a profit, promote their products abroad, do sales presentations, and in the process get immediate satisfaction for their efforts. It is a totally different experience from learning in the traditional classroom. However, with all the uniqueness, excitement, and potential of the practice firm it can be a challenge to set up and run well. Difficulties can arise when learning objectives, achievement indicators, and expected outcomes do not dovetail to produce the desired results. Determining 'what' and 'how' it will be taught takes time and effort and must be well thought out before beginning to set up a practice firm. Training teachers to facilitate, not teach directly, is another hurdle that must be cleared. Coordinating teachers in operational issues to ensure consistent and thorough implementation of procedures and processes is essential. Additionally, setting the practice firm up is time consuming and requires vigilance and creativity on the part of the teachers to keep it fresh and interesting.

The 'freedom' of the practice firm, a definite advantage over traditional approaches, is manifested in its freewheeling business style, but it too can cause problems if not well coordinated. Juggling activities in eight departments at the same time requires considerable planning and smooth execution to avoid business 'jams' or 'stops' that potentially put everyone on hold until the matter is resolved. Office equipment issues must also be worked out well in advance to make sure learners have the computers, software, peripherals and furniture needed to start a business. Once the firm begins trading, ideally someone with

technical knowledge sufficient to resolve computer glitches or printer jams would be chosen as either a business or English facilitator in the firm.

These and many other issues must be considered before setting up a practice firm. All are surmountable with good planning, bringing together a strong development team, and hard work. The effort to go this route is, in the minds of a growing number of educators, valuable as evidence mounts in favour of employing a learner-centred approach that links subjects and connects ideas across disciplines and presents it as a whole. The students develop a strong awareness of the interdependency of information technology, business practices, and English and see how each supports and informs the other to advantage.

### **3. Aim**

The Higher Colleges of Technology are comprised of eleven colleges located in various larger cities around the UAE. In most cities there is a women's and a men's college, as is the case in Ras Al Khaimah. For the purposes of this paper it is the women's college that forms the basis for this discussion. Because it is a women's college it presents a unique set of challenges particularly for the male teachers; some examples of this will be discussed later in this paper. However, in terms of setting up and running a practice firm there is little difference between the men's and women's college, and therefore it can be assumed that the men's colleges, or any tertiary institution for that matter, could also benefit from the discussion that follows.

Students completing their first year at the HCT can enrol in the Business, GCAD, or IT program for the last year of the 2-year certificate program, before going on to study at the Diploma and Higher Diploma level. Those that choose the business program will spend two semesters enrolled in the practice firm, and in addition study Information Technology, English, and Arabic keyboarding. In order to graduate students must successfully complete all courses of study. As the language of instruction throughout the college system is English, it is imperative that their language studies not only take a high priority, but also that English courses teach the language of business and technology. Therefore teachers in all areas work closely to ensure students' English skills and language specific vocabulary and communicative strategies are achieved. In the practice firm both a 'content' teacher (a specialist in business) as well as an English teacher team-teach so that the learning of business is not impeded by language difficulties that may arise as a part of transacting business. The goal of the practice firm is to present, as realistically as possible, a learning environment that develops students' business knowledge in such a way that the experience is as easily as possible transferred to the outside world. To accomplish this considerable thought is put into the needs of the students before deciding the best way to create an effective and problem-free simulation.

The career possibilities for Emirati women are limited. Traditionally the woman remains in the home while the man works, but as is the case the world over, this is changing. In the UAE more and more women elect to go to college or university and then work for a period afterwards. The main area of employment for female Emirati nationals is in an administrative or supervisory capacity, usually for a national company or one of the myriad governmental departments around the emirates, such as Dept of Urban Developments, City Hall, or Etisalat, the national telephone service. Few work in the service industry, which is dominated by migrant workers from India, Bangladesh and other mostly Asian countries. As a result jobs for women are limited and only now is the market for graduates beginning to grow as parents begin to allow their daughters to enter the workplace. Opportunities abroad exist, but because of cultural, societal and religious demands few women choose to live outside the Middle East. In much greater demand these days are jobs that are based near home and only require the employee to travel, rather than live in non-Muslim countries.

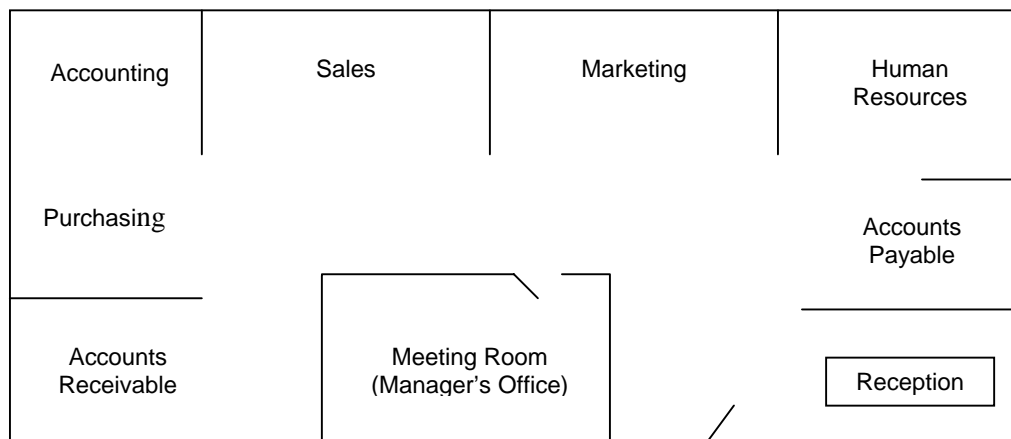
The practice firms at the HCT reflect the reality of the job market and the business practices common to firms local, national and international. Changes are made each semester to the structure and organisation of the practice firm departments that take into consideration students' feedback and teachers' concerns, as well as external or market driven issues. The result is a curriculum based on tried and true methods and well-planned activities that get the students thinking and doing. But only through monitoring of graduates can the success of the practice firm be truly measured. Although it is still early, the HCT is getting positive feedback

from partners and employers who recognise students with up-to-date, job-specific training and practical know-how. Even if the needs of industry change and society adopts a more permissive stance towards women in the workforce, the aims of the practice firm remain the same: to build professional ability and personal qualities in young women to prepare them for a challenging careerlife in the business world.

#### 4. Organisation

In order to create a realistic 'feel' to the environment and help facilitate learning, large rooms in the college were renovated to simulate an typical office and then outfitted with furniture and equipment normally found in a modern company. The office layout gives the learner the impression that she is coming to work, not to school. This is an important factor in maintaining motivation and interest. Students report to work and prepare for the business day by turning on their computers, reviewing their outstanding business file, checking emails and incoming correspondence, and arranging meetings, among other departmental duties.

Each of the six practice firms is organised fundamentally the same way; the office is divided into eight departments. Each department is typical of departments found in most medium-sized businesses, and it is here specific skills are learned before students progress to the next department.



At the beginning of the semester students are assigned a department. Every two weeks a "rotation" takes place and students move to the next department. With a usual class size of sixteen, there are two students per department. If the class is larger, then a third student will be assigned to a department where extra help is more likely needed; Sales or Marketing, for example. If there are less than sixteen students then the more 'active' departments will be staffed with two students.

Over the semester usually six rotations are possible with Ramadan, Eid or other interruptions taken into consideration. Any departments not visited by a student will carry over into the next semester. As English is the college lingua franca, students require English ability at the level needed for the complexity of business they study. Therefore, although the practice firm is organised around the learning of business, the goal of the program is to graduate students at Certificate Diploma business level *and* HCT level 3 or 4 English.

#### 5. Method

The practice firm borrows from the approach of Problem-based Learning and the methodology of Project-based Learning to underpin and support the concept, design and implementation of a business simulation. Creating a task-based learning environment that aims to develop critical thinking, problem solving, decision-making and teamwork in addition to course expectations is the most important development criterion.

The practice firm takes a holistic approach to learning. Students learn business practices, IT skills, and English knowledge together while carrying out the business of the firm. However,

it is necessary to have additional IT and English courses running concurrently in order to build skills to improve performance in the practice firm. Still, 75% of the students' time is spent in practice firm trading sessions. Like other simulations or projects that employ a holistic approach, an assessment tool must be employed that assesses the students' progress and final work. At HCT we have developed a unique approach. At the end of each two-week 'cycle' a short rotation test is administered to check the students' business and English progress. In addition it tests individual performance and teamwork by means of a portfolio. Moreover, test formats rotate through the four skills of language learning: reading, writing, listening, and speaking. As a result learners who tend to be stronger in one skill than another will have the opportunity to express what they have learned in a skill they are better at.

As discussed previously, the practice firm is divided into eight departments. Therefore, 32 rotation tests have been developed; eight in each of the four English skills. In addition to business, students' progress in English is also assessed. Objective assessment criteria has been developed for both business and language courses, but as far as the student is concerned the courses that make up the practice firm are learned seamlessly; that is, the trading day is a holistic blend of business activity, computer technology, and all carried out in English.

## 6. Operation

When the practice firm is 'operating', there is little teacher involvement beyond management, technical problem solving, and general guidance. The operational goal is to have all learners engaged, working both independently and as a team to carry out duties and keep the business flow going. To accomplish this facilitators must have created sufficient business documentation for each department to occupy employees throughout the 2-hour period. At level 3 it is necessary to 'inject' documentation in the form of purchase orders, invoices, and general correspondence in order to keep the business activity from stalling. At level 4 activities in the practice firm only need an initial push at the beginning of the semester to give sufficient momentum to carry through the semester; at this level students have learned to create needed documents themselves to maintain transactional activity throughout.

For the practice firm to run properly all forms (documents) needed to carry out business activity must be created and put in folders on all computers. Each department has a set of forms used to carry out specific tasks; some forms are common to other departments. For example, only Purchase Order forms are found in the Purchasing Department, and a General Journal is only found in the Accounting Department, but both fill out Journal Vouchers. In all, some 30 forms are required to fulfil the needs of all departments.

At level 3 forms are printed and passed through the practice firm until they reach the last department where they are normally filed. Physically passing the forms around the firm makes it clear to learners where forms go, and where they come from. It is important learners understand the business organisation as a whole and walking the forms through the departments helps them see how things work. At level 4, the movement of forms and their purpose has become clear and students are taught how to electronically fill out and send forms to practice firms and other departments in the practice firm. This requires a lesson or tutorial on file maintenance. Developing a file/folder structure to keep templates separate from active forms, and active forms organised by customer, date, or supplier requires students to think about file retrieval and how best to organise them to find them later. Making sure learners file the same way is necessary to keep files organised in a consistent manner. A department's filing system should be transparent to learners arriving from other departments on the bi-weekly rotations.

If a department has no activity because of a lull in trading, a facilitator can 'inject' an invoice or requisition into the process to give the learners in the department something to do. In any case all departments have a list of tasks, some routine, some exceptional to be completed as part of their department training. These can be worked on when trading stops for a tutorial, a meeting, or other interruption.

So that students understand the business world as realistically as possible, meetings, presentations, and employee reviews are all carried out on a regular basis in addition to

trading. Not only do these tasks build communication skills, they also develop computer and business skills. Soft skills, such as Teamwork, organisational ability, and time management, to name a few, are considered highly valuable assets for young learners entering the business world.

Assessment is carried out in the form of bi-weekly rotation tests, portfolios, and special assignments, such as website development in the Marketing department or the development of a catalogue by the Sales department. Students receive formal feedback three times a semester and a final grade that takes their English and Business courses into consideration.

## **7. Challenges**

The greatest challenge of a business simulation is putting the ideas into practice. All facilitators should believe in what they are doing and work together to build a solid framework. It is easy to lose sight of what the practice firm is supposed to teach in the rush to set it up. Clear objectives must be agreed upon and the appropriate action taken to ensure they are reflected in the working model. As much as possible, all aspects of operation from choice of departments to development and procedure of forms should be worked out before setting it up. In addition, facilitators and learners will need start-up training; at least a week of workshops covering the why, what, how, and when of the practice firm must be given to get everyone on the same wavelength. Procedural and operational information must be given to all in order to avoid different instructions being given to students. This is especially critical for facilitators who need to know a lot about the firm and give the same information.

Institutional objections to the practice firm concept are rare, but making sure supervisors and other decision makers are a part of the process right from the beginning is critical to its ultimate success. Knowing what kind of administrative and institutional support you will have before getting too far along in the planning process is prudent and can save considerable time and resources.

## **8. Results**

At the Higher Colleges of Technology in Ras Al Khaimah a comparison of English results from practice firm and traditional business courses was undertaken in February and August 2004. Business course students take the same English system (all colleges across the UAE) examination as practice firm students. Although the business courses have 8 hours of English teaching and the practice firm has 3, the results show no appreciable difference between the two very different courses of study. It follows then that the time spent carrying out business activities in the practice firm more than makes up for the reduced number of direct English teaching found in the traditional business course. In fact in addition to the linguistic aspect students in the practice firm have developed soft skills, practical business knowledge, and community contacts the other students did not. Moreover, partner firms are quick to hire learners they know have received practical training, valuing experiential learning over a more traditional theoretical approach.

## **9. Conclusions**

Research into how students learn is a complex endeavour and one that has challenged educators since the beginning of teaching. Determining the success of the practice firm with its holistic subjective approach is an example of how difficult it is to measure evolving methods and approaches. We know them to come out of existing methods and are a natural progression. No one will challenge the accepted belief that (business) simulations are a learning approach that works. But does it teach the structures, the concepts, the knowledge needed to grow beyond practical application? Does it meet the needs of institutional learning objectives that tend to be defined in specific if unforgiving terms? What will satisfy those who need to match a syllabus with lesson plans? What can be said is that learner feedback is excellent, and industry partner feedback is positive. Students continue to be in demand by companies who see practice firm business simulations as a practical and effective way to not

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only give learners knowledge, but also the skills needed to step successfully from the learning environment into the challenges of the real world.