Developing Managerial Expertise: Experiential Learning of Professional Skills

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ABSTRACT
We propose a pedagogical approach that expounds theoretical knowledge through exposure of students to practical experience as effective for developing professional skills. We use decision making as proxy for the relevant critical skills of effective managers. The approach entails reinforcement of abstract constructs with the know-how of managerial decision making among undergraduate business students. To substitute for apprenticeship, we suggest hands-on practice, such as in a simulation, where students apply business concepts so they can experience managerial decision making and the workings of business. Instruction on decision making generally assumes a rational procedure entailing: Defining a goal/problem, generating and evaluating alternative solutions/actions, choosing an optimal action, implementing the chosen action, and evaluating outcome. This approach to learning might lend to a theoretic appreciation of a process of decision making that students might commit to memory. However, for skill development, students need opportunity for involvement and practice. The proposed approach enables students to practice rational decision making in real time so we can monitor incremental skill improvements.

INTRODUCTION
Managerial resources determine the deployment of other organizational resources (Mahoney, 1995) and managers serve as organizational nerve centers (Mintzberg, 1997) that enable its functioning. Since they oversee the value creation and transformation process that turns inputs into products and services (Scott, 1998), the dearth of managerial expertise is a major hurdle that stands in the path to competitive advantage. This dearth is evident in all regions (Kouzes & Posner 2012, Williamson, 1984). It is particularly pressing in the 21st Century due to disruptions and complexities of technological advancement and rapid change that stretch, test, and bombard contemporary institutions. The world has never been in this much need of effective managers who do the right things right (Bennis, 1984) and who can nurture the fickle and disappearing global resources. Yet, there is a nagging thought in some quarters about our educational institutions delivery on this front. It is not apparent that our schools are enabling the development of sufficient effective skills in graduates (Perrett, 2016). In this study, we propose a pedagogical approach that expounds theoretical knowledge through exposure of students to practical experience as effective for developing critical professional skills. We discuss the proposed approach next.

A key function of all managers at every level is decision making. Managers make decisions every day and all that managers do gets done through decision making (Drucker, 1954). Hence, the term decision makers. Therefore, we use decision making as proxy for the relevant critical professional skills required of a manager. Our proposed pedagogical approach
entails reinforcing abstract constructs with the \textit{know-how} of decision making among undergraduate business students. To substitute for apprenticeship, we suggest providing students opportunity for hands-on practice, such as in a simulation, where they apply business concepts so they can experience managerial decision making and the workings of business. Instruction on decision making generally assumes a rational procedure entailing: Defining a goal/problem, generating and evaluating alternative solutions/actions, choosing the optimal action, implementing the chosen action, and evaluating the outcome. Though not fully achievable in the dynamic complex sphere of uncertainties where managers work, the rational model is a useful and effective tool since it provides a systematic process for sorting out important and relevant factors. However, this approach to learning might lend to a theoretic appreciation of a process of decision making that students might commit to memory, but there is no assurance that they “get it.” Even in instances where instruction employs case studies, role plays, class discussions, essay exercises, and other non-abstract approaches, students might grasp the basics of decision making process but there is no guarantee that students can apply the lessons to make decisions. One text even cautions students that after using all the learning resources and completing all the exercises they provide, “only [the student] can determine whether [they] step up and make the best out of very difficult problems, or collapse under pressure” (Schmerhorn, 2015 p. 156).

Students need opportunity for involvement and practical experience in what managers do, such as decision making, so they can learn and develop critical professional skills. We propose such an approach that enables students to practice rational decision making in real time so we can monitor incremental improvements in skill. Our model exposes students to the principles of management while providing opportunity for application of the constructs and experience in decision making through hands-on practice of the workings of business constructs. We posit that a pedagogical approach that expounds theoretical knowledge while providing opportunity for students to gain practical experience can enable students to develop relevant professional skills.

Following the industrial revolution, business enterprises organized into formal large entities that needed operators with training beyond apprenticeship, and business schools came into being (McGrath, 2014). In apprenticeship, a trainee observed the master—usually the owner/entrepreneur, followed the master’s instructions, and practiced to learn enterprise operations and managerial \textit{know-how}. In such situations, trainees could develop proficiency in particular aspects of a specific enterprise but there was no guarantee or expectation of the transferability of the know-how to enterprises of other types. That is, trainees might have been knowledgeable and even effective but in the limited confines of the specific organization of training. They lacked versatile professionalism for broad consistent performance. On the other hand, management training at business schools are short on practical experience and tend to be academic (Ghoshal, 2005; Mintzberg, 2004). Typified by the didactic approach to learning, schools rarely reinforce abstract knowledge with tangible practice. The result is students who might be ill prepared to appropriate the knowledge acquired in college in the work environment
where employers expect graduates with a broader knowledge base and practical skills (O’Shaughnessy, 2015).

In this paper, we propose a pedagogical approach that embodies theory and the practice of managerial decision making. Our proposal is in line with the idea that theory sometimes drives practice and we are cognizant of the theory-in-management discourse (e.g., Suddaby, 2014). It is also consistent with the idea of theory-in-practice and mostly the notion that good theory informs practice and effective practice reinforces theory. That is, as a primarily practical endeavor, management education requires the propagation of prescriptive theories (Donaldson, 1985) without ignoring “theory in use” or managerial experience that is fostered in complex theorizing (Watson, 2003). Thus, management education ought to embrace theory as a tool for understanding managerial practice (Worren, Moore, & Elliott, 2002). Hence, Mintzberg, Raisinghani, and Theoret’s (1976) proposed incremental decision making theory that is based on observation of how managers make unstructured decisions.

Using decision making as proxy for the relevant critical professional skills that is required of managers, we model theory and practical experience as reinforcing co-requisites in the development of managerial expertise. Figure 1 represents the proposed pedagogical approach where students learn the theory of business constructs and processes that is reinforced with the relevant hands-on practice and experience of managerial decision making. We propose

**Fig 1: Theory-Practice Reinforcement Model**

![Theory-Practice Reinforcement Model](image-url)
that the right level of theoretical exposition (academic) that is reinforced by practical experience (as in apprenticeship) in the workings of the theory, is more likely to result in graduates who are better prepared for the workplace. That is, theory that is reinforced by practice and experience in the workings of business constructs, or what Kerns (2013) terms the sweet spot, enables students to learn requisite skills that form the foundation for developing managerial expertise. Without theory, learners end up with sets of techniques and without practical experience, we end up with academic knowledge of limited use to employers (Mintzberg, 2004; O’Shaughnessy, 2015).

Experiential learning in management education

Business students are generally expected to learn management years before they can practice it. In particular, undergraduates have limited opportunity for practical business engagement that allows for developing professional skills needed of managers. Due to resource constraints and limited opportunities, few ever get exposed to anything other than the traditional sage-on-stage lectures. Only a small percentage go through meaningful internships if at all. Most complete their college education without ever learning the practical workings of the constructs they studied. For instance, a middle manager of a state agency once intimated his embarrassment on the first day in office when he realized that he had completed his college education and earned Bachelors in Accounting having never handled an actual invoice. Such inadequacies are less likely with pedagogical approaches that are grounded in theory with in-built capacity for exposure to relevant practical experience.

Management educators have grappled with the idea of experience for a while (e.g., Mifsud, 1990). They have looked to professions such as medicine where the Evidence-Based Medicine Working Group (1992) proposed a student-focused five-step approach rather than the teacher-based approach to medical education. In this approach, students learn, mostly on their own, to formulate answerable questions (Ask), search for evidence (Acquire), critically appraise the evidence (Appraise), practice application of the evidence ((Apply), and monitor outcome (Assess). McCray and Palmer (2009) employed a variation of the five-step approach in a collaboration between UK universities and social care organizations. In management education, proponents of the experiential approach such as Bilimoria (1998) advocate for pedagogy that “outflows” from the classroom to the real world.

Our proposal calls for such a learning approach that combines the theory-grounded exposition with student-focused experiential (practical) application of business constructs and processes. This model shares features of Kolb’s (1984) Experiential Learning Cycle (ELC) idea (see related adaptation of the ELC model for International Business in Ojode, 2014a and Ojode, 2014b). According to Kolb, learning occurs when the learner: Engages in the relevant concrete experience; is capable of and employs reflective observation of the experience; can conceptualize and draw general patterns from it; and actively experiments with the use of new ideas gained from the experience. The ELC model is ideal because “it accommodates both deductive (moving from abstract concepts to testing their implications) and inductive (concrete experience leading to reflective practice) approaches to theory in management education, thereby providing a bridge over the divide between objectivity and subjectivity, positivism and phenomenology” (Vince, 1998).
It is notable that key elements of the learner-focused *five-step* model that is used in medical training mirror the ELC model: *Ask* and *Acquire* parallel *reflective observation*, *Appraise* parallels *concrete experience*, and *Apply* parallels *active experimentation*. Such learner-focused models are useful for framing the proposed theory-practice reinforcement model because they are centered on the learner. Since it entails the relatively objective theoretical and the practical components that a learner can frame subjectively based on their experience, this pedagogy can promote team learning and cover a broader base of learners. The ELC model represents learning as a process where experiential grasp of the theory [business constructs and processes] enables students to experiment and practice the necessary professional skills [managerial decision making]. In this framework, students learn managerial decision making through practice and experimentations with the application of theoretical constructs.

**Methodology**

We applied the proposed pedagogical approach in a senior class at an AACSB accredited business program in a Southern US state university on and off from 2004 to 2015, at a private international university in Africa in 2003, and at another AACSB accredited business program in a Midwestern US state university from 2002 to 2003. In all cases the approach was adopted in the capstone Business Policy/Strategy class resulting in an overall exposure to nearly 2,000 students. The Business Policy/Strategy is a capstone integrative course that entails exposure to how top managers make strategic decisions that keep firms competitive. The course integrates all the major functions of business and is normally offered to undergraduate seniors just before they graduate from a typical business program. It is one of the few required courses for all business students regardless of major and it is generally offered towards the end of the business program for students who have covered principle courses such as accounting, economics, finance, management, and marketing.

In a typical semester, 3 or 4 learning objectives that are consistent with the school mission and expected outcomes are indicated in the syllabus and specified for each class session. Sample learning objectives include: *Analyze an organization/business from the overall perspective of the enterprise and its environment; integrate various functions and processes of an organization; apply tools learned in the business and economics curriculum for decision-making; and exercise leadership and managerial skills in determining appropriate business/organizational policies and strategies*. Similarly, sample learning outcomes expected of students upon completion of the course include: Recognize the nature of an enterprise, how it relates to its surroundings and its stakeholders [knowledge]; identify relevant information necessary to address an organizational situation, suggest and evaluate possible alternatives for a logical solution [skill]; organize and work with others confidently in preparing and presenting an assessment of a strategic/policy situation [skill]; perform a competitive analysis and assessment of the external forces affecting the firm [knowledge and skill]; perform an internal analysis of an organization, using tools and concepts learned in the course [knowledge and skill]; complete strategy formulation and practice execution individually and within self-managing professional teams [skill].
The study of Business Policy/Strategy typically starts with the identification of a firm’s mission and goals. Therefore, students learn the theory behind firm mission/vision and goals. They complete the mission and goals lesson with an exercise in defining their simulation firm’s mission in a way that captures the interests of critical stakeholders. Like many educators, we use SWOT analysis where we adopt the Industrial Organization theory to teach external environmental analysis for the identification of Opportunities and Threats. Similarly, we adopt the Resource-based view model for the identification of firm Strengths and Weaknesses. After these lecture/discussions, students complete a series of SWOT analyses where they identify perceived opportunities and threats to their firm and organize their firm resources and emerging competencies in response to those exogenous factors. They formulate and execute specified strategies in 8 rounds (years) of decisions, earning points for final grade in the course based on their firm performance in each year.

We use a Business Simulation software to illustrate how undergraduate business students hone decision making skills by practicing the workings of business constructs and processes. Assuming the role of top managers of an electronic sensor firm that supplies Original Equipment Manufacturers, students make decisions in design, production, financing, and marketing of competitive products according to customer expectations (concrete experience). This is done in an industry of six equally endowed competitors, a situation that requires reflective observation of critical success factors (CSF). The exercise requires students to decode abstract constructs and business principles in decision making and problem solving (abstract conceptualization). For instance, they have to interpret the construct strategy (integrated and coordinated set of commitments and actions designed to exploit core competencies and gain competitive advantage) into information and data that they can use to realize a specified objective (firm performance for grade). Similarly, they have to decipher strategic management (full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness and earn above-average returns) in practical terms that they can apply. Once they decode such abstractions then they experiment with the application in different combinations of functional area decisions (research and development, marketing, production, finance, human resources, total quality management, and ethics) that results in superior firm performance (active experimentation). They follow the process for eight rounds (years) to gain proficiency in know-how (transforming experience) and to bolster enduring grasp of the theory.

After each round of a full set of functional area decisions, the quality of these decisions are assessed in a Balanced Scorecard then compared with those of competitors (classmates) and graded accordingly. Students complete SWOT analysis after each iteration, addressing identified shortfalls while monitoring areas of strength. They manage firm resource profiles, create and bundle key resources with each iteration aimed toward optimizing on emerging opportunities while reducing environmental threats. The goal of these exercises is to keep firm performance above those of competitors (firms managed by classmates). Overall, performance in the theory part of the coursework, assessed through exam questions on management constructs, contributes
a percentage of a student’s final grade and the rest come from the experiential exercise (computed from accumulated relative Balanced Scorecard scores).

**Results**

Based on the course learning objectives, we asked students to indicate one thing that they learned about management skills and decision making. Following is a sample of the feedback. While these cases do not represent sufficient “proof” of what students may have learned, they do point to student involvement and engagement with the theoretical constructs such as competitive advantage, strategy, competitive rivalry that may not have been possible in a lecture/discussion class format. Although not apparent in these case notes, the proposed approach to learning proved quite effective in illustrating to students, the drivers of firm profitability, stock pricing, effects of dividend policy, market segmentation, and many other organizational processes in a more memorable way than would have been possible with alternative approaches. The dynamism, and ‘real’ effects of poor decisions (e.g., grades) made the lessons more impactful and potentially more enduring (transforming experience) than otherwise. Feedback points to students understanding and appreciation of business processes, deficiencies, mastery of the workings of the principles of business and grasp of the necessary integration of the various functional areas of a business/manufacturing enterprise. Following is a sample of feedback on lessons learned.

**Teamwork and Collaboration**

“I learned to stand by [my] ideas while still being receptive to others…overall, I learned that to be a good leader/manager, you must trust those in your team. You cannot do everything on your own, so you need help…”

“…must learn how to come up with a set of decisions which speaks for the entire team. Sometimes this is difficult to do, but it causes you to really investigate each decision and to make an informed decision as a team…”

“…Each team member has a different idea of how much emphasis to put on different functional areas…compromising becomes the focus of a team to determine what is best as a whole…you begin to see why it is important to have managers from different areas giving input into the decisions”

“I learned to rely on others input and how to strategically align our skills for a better outcome…”

**Integrated functional decisions**

“…with our background in management, we weren’t sure how our team would do in the other areas like accounting, finance, production, and R&D. But once we got into it and reviewed practice round results and saw how all the areas have to come together for a decision to be made…I could tell though that I lacked skills in those other areas because of the results we got after each round. We would either underestimate or not expand enough…”
“Each area of the simulation was intertwined with the other functional areas of the simulation. We were surprised to see that when we made a decision to invest in some areas of TQM that they greatly affected our bottom line. It is sometimes difficult to see how any of these decisions could possibly add value to a company, but the simulation showed that a motivated workforce is worth just as much as some marketing breakthrough…”

“It is crucial to think of each department as a piece of the puzzle and in the end each piece must fit and must show the same overall picture of the company you are striving to achieve. For example, being #1 in profits we wanted to maximize and leverage our returns by increasing our debt leverage to 1.4. This not only magnified our profits but we used these funds to support projects that we believed would better increase our earnings in the subsequent rounds…”

Managerial/Professional Skills

“I believe that good leaders are made and not born. Each of us in the group had a chance to develop a little bit of leadership skills when we felt that we had an idea that could help make our firm more profitable. I believe that my managerial skills were developed more through the simulation than my leadership skills. We talk about all the concepts of finance, production, human resources, and marketing in classes throughout our college careers, but this simulation allowed us to make decisions and see how they affected each of these areas. This experience will be a valuable asset when I am making decisions like these when real dollars and cents are being used and my neck is on the line…”

“Round 2 was a lot tougher than the first… competition started heating up. As a result of this, we made a poor decision and made a new product that went for the other target market. The only problem is that when we did this our R&D took so long, 3 rounds later we were out of the circle [perceptual map] where customers would consider buying [from] us leaving us with no revenues…”

“I learned that one must work on a [strategic] plan by coordinating the right financial, marketing, R&D, production, and HRM functions well…it takes a collaborative effort from all functional areas to be successful”

Performance in Standardized Tests
Since 2005 we have collected about 1500 student data of graduating seniors from a Southern US state university who completed standardized test for business from the Educational Testing Service (ETS) that administers assessments such as TOEFL and GRE. We plan to evaluate whether students who have undergone the proposed experiential learning perform differently in these tests from their counterparts who do not follow this learning approach. As at the time of this publication, we have not analyzed this data.
Conclusion

The theory-practice reinforcement model that we propose here is an experiential approach that follows Kolb’s (1984) ELC model’s focus on the learner’s experience. However, our model also entails a measure of the standard ‘objective’ [business] theory as the basis of such learner experience so that the learner is not ‘free’ to determine what to learn. Rather, the learner is “forced” into a window or lenses through which to frame what they learn. In this regard, our approach is sensitive to criticisms of the ELC model that it (ELC model) ignores the reality that effective management education entails more than experience but include appreciation of the integral theory (of what is experienced). Thus, our model does not disregard the “complex and unequal relations around knowledge that are constructed between people” (Vince, 1998). However, it is not designed to capture certain corporate realities that also bear on organizational processes that could affect performance such as organizational relationships (ibid).

Until they resign themselves to the lead role in their learning with the instructor as coach or facilitator, a typical undergraduate learner can find this approach to learning stressful and even overwhelming. However, once they overcome such initial humps—usually after two to three weeks into the semester, they tend to enjoy the freedom and independence of this learning approach. For a well-designed curriculum with elements of class competition and the right amount of grade pressure embedded, this approach to learning offers flexibility that can enhance student involvement and engagement in the course—factors that enhance learning. Further, we have found that easy accessibility of Internet-based simulation resources such as those offered by Capsim Management Simulation® are beneficial in encouraging learner engagement. The immediacy of accessibility through the smartphone, tablet, and such personal devices enable learning to spill outside class time and is generally beneficial for experiential learners.

In reality, managers are not always ‘free’ to adopt a given strategy/course of action but are often constrained by organizational culture, superiors and subordinates, among others. For instance, such reality became apparent in the first week of the new US federal administration in January 2017. Further, in certain cases managerial effectiveness may not even be tied to technical skills but may be pegged to the relationship between managers and those they supervise (Kouzes & Posner, 2012; Hawkins & Wright, 2009). For instance, in a self-study of its systems, Google Inc. made over 10,000 observations of its managers to find that effective ones were those good at managing relationship with their teams rather than those with superior skills (Bryant, 2011). That is, the reality of managerial work entails more than output but includes emotional intelligence and people [soft] skills (Wilderom et al., 2015).

According to Nabi & Linan (2011), despite higher pro-entrepreneurship intensions among graduates in emerging economies than in the developed, institutional constraints tend to inhibit entrepreneurial activities. Given the prevalence of pervasive institutional constraints in emerging economies, it is not apparent how the proposed pedagogical approach might work in such situations. It is possible that due to institutional constraints, this proposed approach to
managerial education that seeks to reinforce theory with practical experience might not work as envisioned in emerging economies. Most schools in such economies are state-owned and state institutions in emerging economies tend to have stringent and centralized administration that might inhibit pedagogical experimentation. Moreover, such economies are fraught with resource constraints and alternate priorities that might inhibit the proposed pedagogy. For instance, classes might be too large and skilled faculty too few to make credible practical experience feasible for students. However, experimentation with this pedagogical approach might still be feasible at emerging economy state universities with decentralized administration. It is noteworthy that the lead author of this study first approached a state/public university of an emerging economy with the proposed pedagogy without success. However, the proposal sailed through at an international private university in the same country.
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