

## Chapter 2

# Are We Ready for the Job Market?

### The Role of Business Simulation in the Preparation of Youngsters

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#### **ABSTRACT**

*One of the key factors to be successful in the job market is to detain the right and needed knowledge and competences, being these hard or transversals (e.g., communication, negotiation, leadership, creativity, proactivity, responsibility, just to name a few). Experiential learning, problem-based learning, and game-based learning are pedagogical methods that allow students to consolidate the technical competences but also to develop the necessary soft skills in order to be employable in the Society 4.0. Among the solution offered is the business simulation that can be defined as an instrument that transforms the real business world in a simplified model enabling students to make decisions and simulate activities as if they were in a real business environment, without any risks. In this chapter, the authors describe a business simulation used in a higher education institution in Portugal. They analyze this simulation in terms of experiential learning and problem-based learning and draw some reflections about the results as this might be inspiring for other teachers/trainers.*

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## **INTRODUCTION**

The 4th Industrial Revolution, the digitalization, the changes enacted by demography and the economy, are transforming the society, namely, the way we live, socialize and work. The increased complexity of the working environment with all its challenges and demands are forcing youngsters to acquire technical skills and develop transversal (or essential) competencies (Warren, 2019). The job market is no longer looking for theory-knowledgeable potential workers but people that have the experience, and know how to do. And when we refer to the youngster, the best way to develop this knowledge is learning by doing. One of the pedagogical approaches that can be used to achieve the desired goals is experiential learning, based on the constructivist theory. This approach allows the student to consolidate technical competences while developing the necessary soft skills needed to be employable and competitive in society 4.0.

Experiential learning can take several formats being the business simulation one of them. It consists of a series of activities that imitates a real business environment. In this risk-free environment, the student experiences what is life in a real company. He performs the tasks that he is supposed to do in a real situation and applies the technical competences while developing soft skills such as communication, negotiation, leadership, problem-solving, among others.

Moreover, it is necessary to make sure that the motivation, engagement, involvement, and interest of the student remains the same, throughout the semester and in each class, as these are the requisites for successful learning according to the Flow Theory. Business simulators, as they contain a component of enjoyment, allow the student to be fully involved with the environment and the activities proposed, increasing the possibility of positive learning.

It is possible to find in the market different solutions and examples of business simulations. In Portugal, in higher education, in particular, in the Polytechnic Schools, this kind of enhanced learning environment already exists. ISCAP, the Porto Accounting and Business School of the Polytechnic of Porto has introduced a Business Simulation in the Accounting program of studies in 2003, to meet the requirement of the Portuguese Order of Certified Accountants. Although the results are positive, it is necessary to understand how this solution addresses the experiential learning characteristics and the enjoyment of the Flow theory. As such, in this paper, we will describe and identify the main characteristics of some theories that are contributing to the pedagogical approaches being used with business simulations – Constructivism, Experiential Learning, and Flow Theory. After the clarification of the differences between games and business simulations, we present and analyze the Business Simulation of ISCAP taking into consideration the theoretical framework presented before. Results will allow us to identify areas for improvement and contribute to the reflection and discussion concerning the development and introduction of these solutions in the classroom.

## **Background**

There are several educational / learning theories that contribute to the development and use of simulations in the classroom. In this chapter, we will focus on Constructivism and Experiential Learning. Besides that, we will also present another theory that can be applied to education and to the use of simulations - the Flow theory. After a brief description of each, we relate them with the use of simulations.

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