

## **Innovating Corporate Governance teaching through Online Scenario-Based Learning**

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*Recent high profile corporate collapses and failures in the management and accountability of directors have led to wide scale reviewing of corporate governance standards. Increased efforts are being made to improve corporate accountability and to prevent management failure (Clarke, 2004). One project being implemented at The University of Adelaide Business School has the aim of mitigating future failures of management and corporate governance through the innovative teaching of corporate governance to current students who will be future corporate officers. Online situational learning is set to change the teaching of corporate governance through the development of online course component innovations. Ultimately, such technology has the potential to transform modern teaching. While traditional methods of teaching corporate governance focus on conveying information to students, it is clear that innovation in online methods have the capability to encourage critical thinking and understanding. Thus, the potential is for an interactive approach to learning about corporate governance, instead of the more traditional passive approach to information transfer. This paper explores the use of innovative online exercises involving actual corporate governance problems which will teach students how to deal with real business issues and will require them to apply information and rules they have learnt in order to respond to the scenarios given. This paper proposes and outlines the methodological details of a corporate governance online scenario-based learning trial set for 2009. The scenarios will include the use of images, audio and video to better contextualise the situation. Careful attention will be given to student final assessment results and course evaluations in order to ascertain the effectiveness of this innovative approach to learning. Online roleplay simulations (eSims) which incorporate scenarios are also discussed.*

Field of Research: Corporate Governance and Business Education

### **1. Introduction**

Failures in corporate governance and innovations in technology have led to the increase in novel forms of teaching and learning about business, management, and law.

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Online learning is set to change the teaching of corporate governance at the University of Adelaide Business School through the development of online course component innovations. Ultimately, through gaining a better understanding of the benefits of online learning, such technology has the potential to transform modern teaching (Garrison & Anderson, 2003) and, in turn, the diligence of future managers and their understanding of corporate governance issues. While the traditional methods of teaching corporate governance focus on conveying information to students, it is clear that innovation in pedagogy and online methods have the capability to go beyond this and encourage critical thinking and understanding. Thus, the potential in the proposed innovations is for an interactive and constructive approach to learning about corporate governance, instead of the more traditional passive approach to information transfer.

This paper explores the merits of exposing business students to the reality of corporate governance situations within corporate settings. Innovative online exercises involving actual corporate governance problems will teach students how to deal with real business issues and will require them to apply information and rules they have learnt in order to respond to the scenarios given. Consequently, it is beginning to be appreciated that the design of an educational experience and the interactions that lead to learning will set apart higher learning institutions (Garrison & Anderson, 2003) and students. Thus, it is hoped that the online components proposed will have this effect and will further increase student understanding of real life corporate governance issues, which can be carried into their future business careers for the benefit of all corporate stakeholders.

## **2. Literature Review**

There has been an increased focus in higher education on bridging the gap between acquiring knowledge and real-life professional practice in order to better prepare our graduates for their careers, also referred to as 'learning by doing' (Errington, 2003). The early 2000's also saw an increase in the use of enabling technologies within education which has resulted in situational learning strategies such as online scenario-based learning and roleplay simulations (Kindley, 2002 & 2005, Fannon, 2002, McLaughlan, 2001, Baron & Maier, 2005, Davenport & Baron 2007). This supports the needs of our Net Generation learners who want to be actively involved in their learning. Studies indicate that these learners, born in the 1980's, have brains that are wired differently due to their exposure to new technologies (Laurillard, 2006; Oblinger & Oblinger, 2005; Prensky, 2005; Van Eck, 2006). They want their learning to be authentic, engaging and relevant to their aspiring careers. Student evaluations indicate that situational learning strategies are assisting in this regard (Baron & Maier, 2004, Maier, 2005 & 2006, Maier & Baron, 2005, Maier, Baron & McLaughlan, 2006).

### 3. An Interactive Approach to Learning

The University of Adelaide's Centre for Learning and Professional Development (CLPD) has been exploring a range of methodologies that complement Web 2.0 collaborative technologies and the needs of today's learners. This includes giving learners more control in constructing their learning through individualised research, interaction and application to real life problems. Situational learning is learning by immersion and interaction within a rich context. It is an umbrella term for a number of methodologies including simulations, case studies, scenario-based learning and online role-plays which present learners (working individually or in groups) with contexts involving concrete, real life problems. To solve these, they must make decisions and deal with the consequences. The content or learning aids required to inform these decisions are accessed as needed. The online learning environment is particularly conducive to situational learning and new technologies. For example, images, sound, and access to email or mobile technologies can be used to boost engagement and immersion in the story. Support features such as discussion boards and facilitated sessions (face to face or online in live classrooms) are incorporated to encourage learners to reflect on what has been happening, what they have been experiencing and what they have been learning.

A Situational Learning Initiative was introduced in 2007 at the University of Adelaide in order to progress developments in online situational learning. This has included the development of a website to showcase the approach and exemplars developed (<http://www.adelaide.edu.au/situationallearning>) as well as support for teaching staff in the development of situational learning. A community of practice has also been established: Situational Community of Practice for Educators (SCOPE): <http://www.scopenetwork.org.au>. Notable exemplars which have been implemented into the curriculum of various disciplines include online roleplay simulations such as the *Mekong eSim*, *Disaster Down Under* and *Dental Amalgam eSim* which allow for authentic, experiential and constructivist learning whereby multiple perspectives of an issue are researched and debated. Extensive use is made of both group and class level discussion boards for interaction amongst the various roles and course content itself is interactive with the use of multimedia and audio-narrated presentations. Scenario-based learning has also been implemented within Dentistry (*White Lesions*) as well as staff development within Human Resources' Induction program (*Copyright Induction for Staff*). Further details about these online role-play simulations and scenario-based learning examples are available at <http://www.adelaide.edu.au/situationallearning>.

## **4. Corporate Governance**

The University of Adelaide's Business School has been using a scenario-based approach within face to face tutorials for several years, and this will be adapted into an online format for the subject Corporate Law in 2009, which is the main corporate governance subject in the University's Business Degree. Corporate governance is concerned with the way in which companies are directed and controlled in a manner that most efficiently protects and promotes the interests of all its stakeholders (Hanrahan et al., 2008). At the University of Adelaide the subject focuses particularly on the corporate governance mechanism of directors' and officers' legal duties. The objective of these duties is to ensure that directors act with reasonable care and diligence, in the interests of the company, and for a proper purpose. The recent corporate climate, riddled with many high profile corporate collapses and a trend towards tightened legal regulation of the business environment, has served as a wake-up call not only to the business world, but to educators who are teaching students about complex sets of rules, which it is increasingly understood can only be truly appreciated through contextual application and situational discussion (Evans & Howe, 2007).

As such, the current methodology utilised in teaching this aspect of corporate governance is based almost entirely on scenario-based learning including both skills-based and problem-based scenarios (Errington, 2003). That is, students are given scenarios of poor corporate governance and then called upon to apply the rules and methods which they have learnt in lectures to answer these questions. The innovative aspect of this type of learning is that real life situations must be tackled by students, and merely remembering definitions and previously decided cases will not be of much assistance. It is the application of that knowledge to new and differing situations that will result in their success in this process. Every week there is a two-hour tutorial, which consists of anywhere between two and four different scenarios. They are given the questions one week in advance and they must understand the scenario, assess the relevant issues in the scenario, find the applicable legal rules, and then apply the law to the facts. It is no longer enough to state the law without explaining if and why the law applies to the specific scenario given. Higher order learning occurs when critical thinking, analysis and problem solving occurs.

The tutorials allow time for students to work in small groups of between two to four students and discuss their various thoughts and answers to the provided scenario. This methodology allows students to experience a real-life perspective on what it might be like to be a corporate lawyer advising directors on their decision-making and company monitoring behaviour. The assignment and exam are also formatted in the same manner. There are three scenarios given in the assignment and five in the exam (students must choose four of the five questions). By this time students have become familiar with the situational learning method and are able to provide in-depth advice on matters raised in the scenarios. From a University of Adelaide Business School perspective this method of learning is quite unique. Students usually have no

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background in situational learning, so it can be difficult to explain the process at first. Handouts have been prepared to provide an analytical framework for them to approach answering the questions/scenarios for the first time in Semester 2 2008, and in the Masters level course a basic online tutorial has been developed in order that feedback is provided to them about their approach to answering. The key objective of this method of teaching/learning is to teach students how to analyse and apply the concepts of corporate governance they learn to real life business situations. Previous courses only required rote learning, with essay and short answer questions predominantly used. Situational learning goes beyond the testing of memory to the application of knowledge acquired, which it is hoped will assist in the increase responsible management behaviour of future corporate officers.

### 5. Corporate Governance Case Study

A case study example is provided for perusal:

Howard Hogg Ltd, a manufacturing company whose head office is located in Adelaide is the subject of a takeover bid by a Melbourne based company, Raider Ltd, which currently holds 5% of the issued shares of Howard Hogg. Howard Hogg's directors bona fide believe that it is in the best interests of the company, their employees and the State of South Australia that control of Howard Hogg remains in Adelaide. Raider Ltd, when successful in the past with their takeover sorties, have asset stripped the companies, made wholesale redundancies to the workers and transferred the head offices to Melbourne.

Howard Hogg had been considering for twelve months a proposed expansion of its manufacturing facilities and how this proposed expansion should be financed. The Board decides to proceed with the expansion and the best way to raise the required funds would be by way of a new share issue of 20 million shares to another Adelaide based company, White Knight Ltd, whose Chairman is known to be anti Victorian and against interstate takeovers of SA companies. This large proposed issue of shares would make the successful takeover of Howard Hogg's by Raider Ltd substantially more difficult.

(i) Provide advice to the Board of Howard Hogg Ltd with respect to both the Common Law and Corporations Act as to whether the directors may be acting in breach of any duties with respect to the proposed share issue.

(ii) Provide advice whether there is any action under Common Law that can be taken by the Board to enable the proposed share issue to validly proceed without a breach of a Common Law duty.

(iii) Provide advice what action under the Corporations Act can the directors take to seek relief, (and their likelihood of success), if legal actions are commenced against

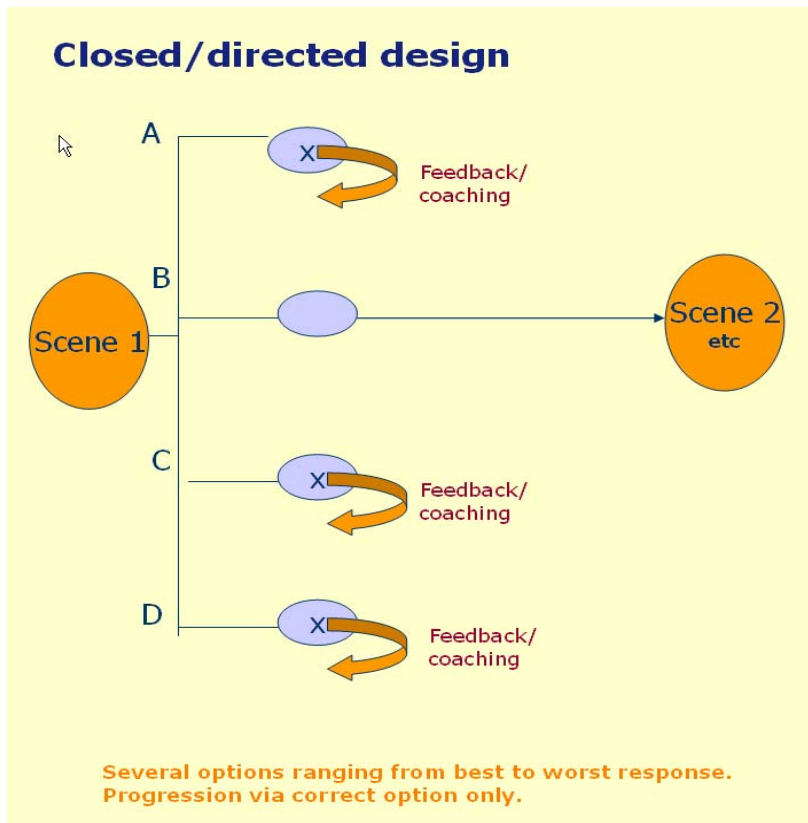
them for breach of Common Law and Corporations Act duties associated with the share issue.

## **6. Online Proposal**

It is considered that students would enjoy and benefit from a greater online component to this form of learning. One online tutorial has been trialled, while this was only basic in its form, the feedback from students was positive. Essentially, one of the scenarios was put online and students were asked to provide answers. They were then given feedback about their method of answering and applying their knowledge, and finally they were asked to answer the same scenario again. The feedback showed that the second answer was completed in an improved manner. There is considerable scope for the use of online situational learning that goes beyond merely providing feedback and asking the students to answer the same question. It is considered that online resources can be used to help the students learn and work through problems without having to answer the same question again. Some students have found the process of answering the same question twice to be tedious. However, the idea of having an online component, in whatever form, is generally well-received by the students and supports research into the needs of the Net Generation previously cited. There are plans to run an online scenario-based learning trial in 2009 with online learning design and development assistance from CLPD. Consideration will be given to several designs. Closed (directed) designs provide various responses to a scene with individual feedback for each choice a student makes as shown in Figure 1. Open ended designs expand on several options and allow for reflections at the end (via online discussion board forums) as outlined in Figure 2. A third approach to scenario-based learning is a combination of closed and open design as shown in Figure 3.

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Figure 1: Closed/directed Design



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Figure 2: Open-ended Design

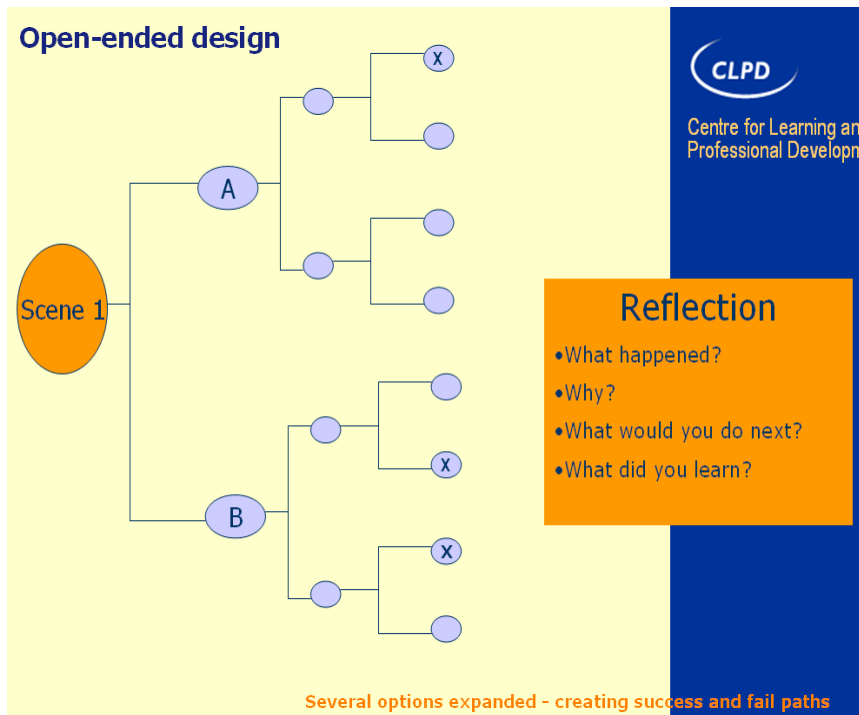
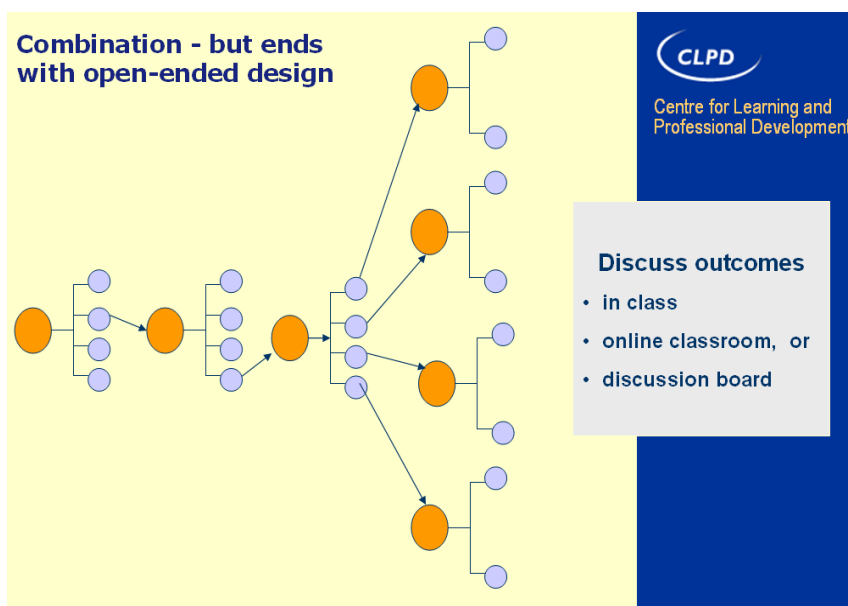


Figure 3: Combination Design





## **7. Constructing Online Scenarios**

Various educational technologies are being utilised at the University of Adelaide to build the online scenarios. Simple methods include the use of Microsoft Powerpoint. Other more sophisticated software includes Articulate and Raptivity. The online scenarios are then made available to the students via the University's learning management system Blackboard™ which additionally allows for access to online resources, discussion board forums, and other online features. The scenarios (and accompanying resources) can include the use of images, audio and video to better contextualise the situation. Online evaluation of the scenario-based learning will be embedded into the learning management system in order to gain student feedback and compare this with feedback from the existing face to face tutorial approach. Careful attention will also be given to student final assessment results and course evaluations in order to ascertain the effectiveness of this innovative approach to learning.

## **8. Online Roleplay Simulations**

A second project will be the development of an online roleplay simulation (eSim) for situations where there are multiple perspectives to an issue and where there is not necessarily one correct answer. Scenarios are an integral feature of online roleplay simulations which involve multiple learners and multiple stakeholders with different points of view. The stakeholders interact via online discussion boards and other technologies. The learners adopt a role, undertake a briefing and interact and debate in order for decision-makers to make a final decision. The learners then come out of their roles and debrief and reflect on their learning. Unlike computer-based simulations, they are web-based roleplay simulations which are concerned with engaging learners "in a process of interpreting each individual's thinking and decision-making within a social context, and then respond effectively....they have no limitations on the participant's responses or initiatives" (Fannon, 2002, p. 10)

The Mekong eSim is an online roleplay simulation that has been delivered within various universities including the University of Adelaide since 2001 and which will provide a framework for the development of an online roleplay in Corporate Governance. The Mekong eSim forms part of the curriculum for civil and environmental engineering and has been recognised both nationally and internationally and received a number of teaching awards. It has been evaluated within a Community of Inquiry framework (Garrison and Anderson, 2003) which identified "a high level of sustained critical thinking and discourse achievable in an e-learning environment" (Baron & Maier, 2004, p. 16) which further supports the findings of McLaughlan & Kirkpatrick that "well-structured learning activities using online roleplay simulations can produce high levels of interaction and peer learning in distributed student groups" (McLaughlan & Kirkpatrick, 2001). It has also been evaluated using the principles of the SOLO taxonomy (Biggs and Collis, 1982) whereby "measures of success of teaching innovations and projects

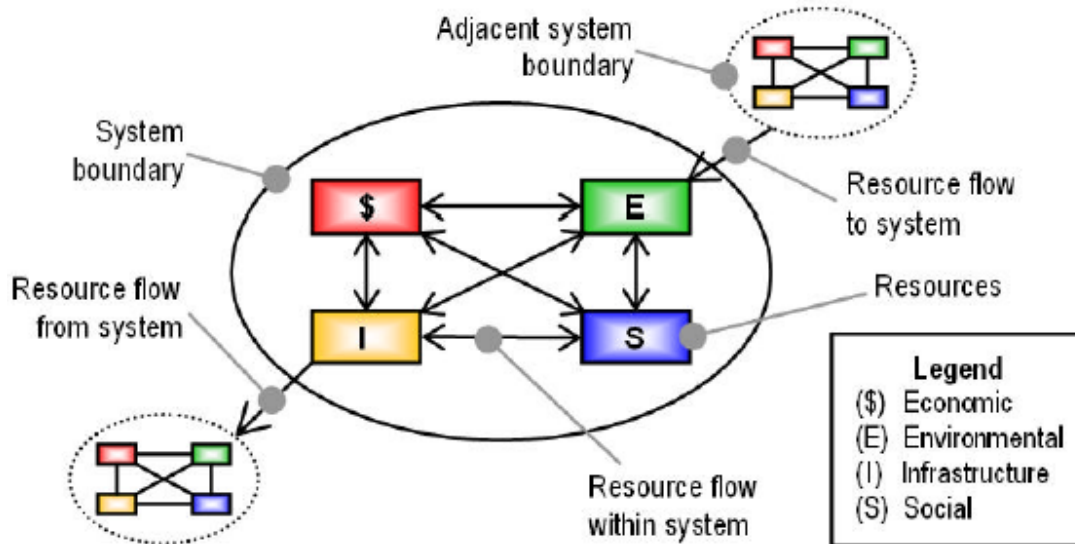
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should consider more than student perceptions of their learning, there should be an analysis of the desired learning outcomes” (McLaughlan & Kirkpatrick, 2004, p. 487).

Analysis of student performance by McLaughlan and Kirkpatrick revealed that 75% of the sample had produced responses at the level of multi-structural and above which supports the effectiveness of the Mekong eSim with regard to alternative perspectives on problems and transfer of learning to new contexts. There is also evidence that the Mekong eSim effectively addresses the learning styles of Net Generation learners (those born between 1982 and 1991). Evaluations of the Mekong eSim positively support the characteristics of Net Generation learners as prolific communicators; a preference for structure rather than ambiguity; flexibility in when they complete the required activities; a preference to work on things that matter; and often a preference to learn and work in teams (Baron & Maier, 2005). Engineers are required to work as part of multidisciplinary teams, often in an international context and online roleplay simulations provide a means of developing the graduate attributes required for this type of work. A 2005 student survey highlighted the success of the Mekong eSim for preparing engineering students for multidisciplinary and international practice including communication and teamwork skills, awareness of requirements to work in an international environment, ability to see engineering issues from multiple perspectives, and increased awareness of political, social, economic and scientific dimensions of engineering decision-making. (Maier & Baron, 2005). A further learning outcome of online roleplay simulations is the teaching of sustainability principles to engineering students. The sustainability model, as shown in Figure 4, developed by Foley, Daniell & Warner (2003) has been used to guide the design of online roleplay simulations to ensure deep learning outcomes are achieved in relation to sustainability principles (Maier, Baron & McLaughlan, 2007). An evaluation of the 2005 Mekong eSim showed that there was a high degree of interaction between roles about the social, environmental and economic issues surrounding proposed dam construction.

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Figure 4: Systems Model of Sustainability (Foley et al 2003)



As reported by Maier (2005) the Mekong eSim was designed as a multidisciplinary learning tool. Apart from the various engineering disciplines, it has included students from arts, science, education and economics and has been used as the basis for the development of various eSims in other disciplines, including the Ha Long Bay eSim at Macquarie University, the Global eSim at the University of Sydney and the Disaster Down-Under eSim at the University of Adelaide. The development of an online roleplay simulation for Corporate Governance will be guided by what has already been evaluated with regard to the Mekong eSim.

## 9. Online Learning Design

Optimal online scenario-based learning necessitates the use of creative methods to keep student interest, increase the breadth of student knowledge, and evaluate student learning and understanding in a manner which is time efficient (Evans & Howe, 2007). In order to achieve these aims, the authors propose to develop an innovative online scenario-based learning component for corporate governance teaching. It is intended that this will be done through the combination design (Figure 3, above), utilising both closed and open pathways. By way of example, the corporate governance case study provided can be used to illustrate the online scenario. Firstly, students will be given the case study to read and evaluate. The online simulation will require students to begin by identifying the directors' duties which may be in issue in the case. This aspect of the design will be closed/directed; if the student does not identify the correct directors' duties then feedback/coaching will be provided before they can proceed. At the next juncture the relevant legal principles must be stated, similarly this step of the online scenario will be closed/directed; if the student does not enter the correct case law

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and/or legislation feedback/coaching will be provided before the next stage is reached. Finally, the students can provide a short answer style response, having correctly identified the key corporate governance issues raised and the applicable law. This final response will form the open-ended part of the design at which point reflection will occur and further feedback and online discussion can ensue.

### 10. Conclusion

Online scenario-based learning provides an innovative mode of learning when compared to traditional learning formats and methods, particularly in regards to the teaching and learning of corporate governance. The authors aim to engender greater access to information and transference of knowledge through the current situational learning component of corporate governance at the University of Adelaide Business School. The goal is to augment this by adding a further online dimension to situational learning in corporate governance which will be trialled in 2009. Ultimately, it is believed that this initiative has the potential to achieve the further benefits of increased communication, interaction, and student understanding through the use of online technology. No doubt all of these aims have the potential to positively contribute to increased diligence and responsibility on the part of future business leaders.

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