



ELSEVIER

Contents lists available at ScienceDirect

The International Journal of Management Education

journal homepage: www.elsevier.com/locate/ijme

Research Notes

Using educational drama to teach investments management: Evidence of cross-cultural relevance from Australia and China

Kym Butcher^{a,*}, Glenn Pearce^b, Donald Ross^c^a Macquarie University, Department of Accounting & Corporate Governance, Faculty of Business and Economics, NSW 2109, Australia^b Western Sydney University, Australia^c Australian Catholic University, Australia

ARTICLE INFO

Article history:

Received 20 April 2016

Received in revised form 7 November 2016

Accepted 15 January 2017

Available online 31 January 2017

Keywords:

Investment management

Insider trading

Educational drama

Culture

ABSTRACT

Changing foci in the field of investment management, along with the increasing use of concentrated teaching formats, present new challenges for educators seeking to enhance student learning. This paper examines a promising new pedagogical approach, educational drama, for the teaching of investment management, and reports on students' perceptions of its effectiveness in both Sydney, Australia and Hong Kong, China. Based on both quantitative and qualitative responses to 18 statements about the perceived learning effectiveness of educational drama in investment management, students in both Sydney and Hong Kong were generally favourably disposed to the approach. Comparison of the Sydney and Hong Kong responses showed promise for the cross-cultural applicability of educational drama, while also highlighting some potentially culture-driven differences.

Crown Copyright © 2017 Published by Elsevier Ltd. All rights reserved.

1. Introduction

Investment management as a field of study is evolving beyond its sole reliance on capital market theory to include the more human aspects of decision making. Much of this movement is due to the increasing importance of behavioural finance in explaining how investors behave in managing their investments. Indeed, the re-emergence of a more holistic view of investor behaviour is being trumpeted by many within the academy. Statman's (2005, p. 31) declaration that "investors were normal (before they were described as rational in the early 1960s) and they remain normal today" falls from his widely shared view that normal investors are affected by psychological and cognitive biases and emotions, not just the risk and return of their portfolios.

As educators, we have to ask a number of questions. How can we best teach these new psychological and cognitive parameters of investor behaviour within the general field of investment management theory? How do we evoke the emotions that characterise normal investor behaviour? How do we get our management students to extend their learning of investment management and investor behaviour through feeling the intensity of the issues? Additionally, many Master of Business Administration (MBA) and related business courses are increasingly being taught using concentrated Executive format classes that can extend to four hour sessions or even more concentrated, 20 h weekend sessions. (See Ratnayake, 2010, who reviews the increasing incidence and popularity of block teaching in tertiary management education in Australia, New Zealand and the US, and presents the reasons for this popularity in terms of efficiency, effectiveness and student demand.) This use of

* Corresponding author.

E-mail addresses: kym.butcher@mq.edu.au (K. Butcher), G.Pearce@westernsydney.edu.au (G. Pearce), Donald.Ross@acu.edu.au (D. Ross).

concentrated teaching formats is especially prevalent in offshore business offerings of Australian universities in Asia. [Burton and Nesbit \(2002\)](#) note that, at the time of their writing, there were nearly 600 offshore postgraduate programs offered by Australian universities, mostly taught using a block system. The questions arise as to whether there are new teaching techniques that can improve student enjoyment of learning over these extended periods of concentration. And, do our Asian students differ in their perception of Australian (western) teaching practices?

A new field of pedagogy, educational drama, may provide a path forward. Educational drama has been successfully employed to explore, shape and symbolically represent human experience. Educational drama is an experiential form of learning ([Brennan, 2014](#); [Brennan & Pearce, 2009](#)). It refers to the process of learning through or from drama as distinct from learning about drama. Drama, as described by [Neelands \(1998, p.4\)](#), is “the direct experience that is shared when people imagine and behave as if they were other than themselves in some other place at another time”. The notion of drama as a learning medium has been used successfully across a variety of fields and applications, including community health ([Nyangore, 2000](#)), police training ([O’Toole, 2000](#)), education for sustainability ([McNaughton, 2006](#)), arts, music and literature ([Crumpler, 2005](#); [Larson, 2004](#); [Tan, 2003](#)), teaching foreign languages ([Giebert, 2014](#)) management and marketing education ([Boggs, Mickel, & Holtom, 2007](#); [Brennan & Pearce, 2009](#); [Leberman & Martin, 2005](#); [Pearce, 2004](#)), and teaching professional ethics ([Kettula & Clarkeburn, 2013](#)). It has also been used at secondary school (e.g., [Joronen, Rankin, & Åstedt-Kurki, 2008](#); [McNaughton, 2006](#)) and university levels, including management development programs (e.g., [Brennan & Pearce, 2009](#); [Olivier & Verity, 2008](#); [Pearce, 2004, 2005](#)).

However, despite the pedagogical claims for educational drama in the context of tertiary management education, empirical studies are relatively few. [De Villiers and Botes \(2014, p. 41\)](#) note that there are still relatively few studies related to learning/teaching business subject matter by means of experiential learning generally, and their review of educational drama applications and studies specifically, shows that the focus has typically been on marketing, with no application or study focusing in the general area of finance or specific areas such as investments and investor behaviour. In support, the authors’ search of relevant academic databases found no examples or studies of educational drama in these areas. Hence, as far as the authors can ascertain, and also based on [de Villiers and Botes \(2014\)](#), educational drama conventions have not been used or examined before in the teaching of finance generally or investment management specifically.

This paper explores whether educational drama can be used successfully in the teaching of investment management, specifically in the context of the emergence of behavioural finance. As noted above, behavioural finance recognizes that investors do not always make investment decisions based on economic theories that assume rationality of both investors and markets. Rather, investors are subject to human decision-making processes that involve psychological and cognitive biases such as the use of heuristics or rules of thumb to simplify otherwise complex investment evaluation decisions, and natural human emotions of needs, fantasies and fears. For example, investors are generally found to use heuristics such as representativeness (assuming an unknown investment is likely to be a success or failure based on its similarity with other known or experienced investments), or anchoring (a tendency to place too much reliance on one piece of information to the exclusion of other information because of the former’s prominence or familiarity). Investors are also subject to the general tendencies of people to be optimistic, overconfident, loss averse (the tendency to take greater risks to avoid losses than to achieve gains), and to be affected by mood and by the actions of others (sometimes termed ‘herd behaviour’).

These biases and emotions affect investment decisions whether by individual, ‘unsophisticated’ investors or by professional investors acting for institutions such as corporations and superannuation funds, and, in turn, have the ability to disrupt otherwise ‘rational’ and ‘efficient’ markets. [Barberis and Thaler \(2003, p. 1053\)](#), for example, note that behavioural finance demonstrates that “in an economy where rational and irrational traders interact, irrationality *can* have a substantial and long-lived impact on prices” (emphasis in original). Investors labelled ‘irrational’ by [Barberis and Thaler \(2003\)](#) would be labelled ‘normal’ by [Statman \(2005\)](#) and behavioural theorists generally (See [Barberis & Thaler, 2003](#); [Forbes, 2009](#); [Baker & Nofsinger, 2010](#) for detailed coverage of behavioural finance and its cognitive and psychological biases.).¹ Given the increasing recognition of, and emphasis on, behavioural finance, the teaching of investment management (specifically, how investors behave) at tertiary and executive development levels cannot be based solely on economic models and formulae and, hence, on textbook learning, but must provide students with understanding of the cognitive biases and psychological processes that affect investor behaviour and investment decisions. This means that educational drama, as experiential learning and with emphases on the engagement of emotion, social relations and real-world usefulness, would seem to be, *a priori*, eminently suitable to the teaching of investment management and its behavioural, psychological and social dimensions.

The first motivation for our study, therefore, is to extend the use of educational drama into the teaching of a major area of management, investment management; an area where educational drama should be eminently appropriate and effective but which, from our searching, has not previously been examined. We use two educational drama conventions, ‘still imaging’ and ‘forum theatre’. We use ‘still imaging’ to enhance students’ understanding of the qualitative factors of cognitive biases and psychological processes that are critical to understanding investor behaviour and decisions, and ‘forum theatre’ to examine the potential for insider trading. Insider trading is the use of private information by individual investors to manipulate or beat

¹ The incidence of bias in human decision-making affects many avenues of financial, corporate and social life. [Marnet \(2011\)](#), for example, cites [Forbes and Watson \(2010\)](#) in arguing that social-psychological factors such as board (of directors) loyalty to a CEO can over-ride technical, rational decision-making and undermine corporate governance mechanisms for monitoring and controlling CEO behaviour which, in turn, may result in loss of corporate and shareholder value.

Download English Version:

<https://daneshyari.com/en/article/4938701>

Download Persian Version:

<https://daneshyari.com/article/4938701>

[Daneshyari.com](https://daneshyari.com)