

Enhancing Students' Learning Through Practical Knowledge Taught By Industry Professionals

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ABSTRACT

A topic of interest in teaching business courses is incorporating the practical aspect of the subject matter into teaching as this helps to bridge theory and real-world practice. Research indicates that students gain a deeper understanding of material when theory is contextualized through real-life practical examples. However, given the traditional career-path of academics in finance in countries such as South Africa, a significant proportion of finance lecturers have little or no relevant practical experience in the subject matter. In this paper, we discuss a strategy implemented in finance courses at sophomore and senior levels in order to link theory and practice. Guest speakers were invited from industry to contextualize the topics for the students. *Students' perceptions on the benefit they derived from the speakers were deduced from statistical analyses of student evaluations.* The results indicate that the experience was positive and aided in their understanding of the subject.

Keywords: Guest Speaker; Curriculum Development; Finance; Theory and Practice

INTRODUCTION

Business and commerce schools are often criticized for not imparting job-ready skills, resulting in unprepared graduates in the workplace (Richards-Wilson, 2002; Kavanagh & Drennan, 2008). The challenge to adequately prepare graduates might be greater in countries, such as South Africa, with many first-generation students whose life experience relevant to commerce is limited. For example, it is not uncommon to find South African commerce students who have no prior knowledge of a stock exchange.

Various higher education boards have recognized the importance of work experience. For example, The Association to Advance Collegiate Schools of Business (AACSB) has instituted the AACSB Bridge program in order to transition industry-employed staff into business school teaching. These professionally qualified faculty members generally concentrate on teaching and prepare students based on their first-hand experience of the industry. The AACSB website¹ states:

Professionally qualified faculty can be an important component of the total faculty resources deployed by the business school. Professionally qualified faculty members can be key to ensuring that students have learning experiences that reflect current business practice and understand the link to research and theory. The deployment of professionally qualified faculty within the context of these standards should be viewed as an appropriate strategic decision that is consistent with supporting high quality academic programs and the mission of the business school.

A common strategy to contextualize theory is to incorporate real-world examples and case studies into course material. However, many academics staff without industry experience approach these real-life examples in a

¹ Business Accreditation Standards. Retrieved 25th December 2012, from <http://www.aacsb.edu/accreditation/business/standards/participants/standard10.asp>

more theoretical manner, which limits the benefits students might receive from this strategy. In this paper, we investigate students' reactions to guest speakers from the industry. Industry guest speakers were invited to present on specific topics in two finance courses in order to provide real-world context to the theoretical topics taught by academic lecturers. Our belief is that industry guest speakers improve understanding and appreciation for the subject matter by contextualizing the topics. In addition, we believe the results of this paper are of interest to academics teaching business and finance as it aims to improve classroom delivery in these fields through implementing the discussed strategy.

Dewey (1915) claimed that real-world practice was crucial for the achievement of long-lasting understanding of the subject matter. However, achieving this in a typical university course is challenging. Business students in most South African universities are not required to gain work experience while studying and most have limited opportunities to gain relevant real-world experience when university is in session. Furthermore, many lecturers do not have practical industry experience. The traditional academic career path of undergraduate studies leading into masters and doctoral studies and then entry into a university lecturing position does not require industry experience. Deviating from this path to spend time in industry might even be detrimental to a candidate's employment chances in academia as faculty hiring committees generally emphasize quality of research output and teaching experience over industry skills.

Engineering schools have succeeded in infusing practical knowledge through compulsory work experience during teaching vacations where students have opportunities to implement their theoretical knowledge. These practical sessions are an integral part of all engineering curricula and are a graduation requirement stipulated by the South African accrediting council for engineers (Engineering Council of South Africa, 2011). In addition, faculty members in engineering schools have the opportunity to be accredited by the various professional engineering boards. Typically such accreditation requires industry experience, which could be obtained through project work while still employed as an academic. This results in a pool of academics with relevant real-world experience who can impart their practical experience to students during classroom teaching.

The same is not true in the discipline of finance, where a significant proportion of academics do not have relevant work experience in the field. Given the nature of finance education and the pool of employable candidates, finance academics are hired from various disparate disciplines such as finance, accounting, engineering and mathematical sciences. In South Africa, a significant number of finance academics come from the accounting profession. Most often academics in accounting departments are not required to have a doctoral degree for employment or promotion at a senior level. Instead, many accounting academics hold the Chartered Accountant (South Africa) accreditation from the South African Institute of Chartered Accountants (SAICA). This accreditation involves three years of real-world auditing work, but this experience may have little to do with the discipline of finance. On the other hand, the traditional educational requirement of finance departments for accounting academics without accounting accreditation is a doctoral degree. Given the length of time necessary for a doctorate degree, many aspiring academics strategically choose to work on their doctorate rather than gaining years of work experience.

A strategy to increase real-world examples and discussion during class time is to invite guest speakers from the industry. Studies have shown the benefit of guest speakers in a wide variety of disciplines; for example, McCleary and Weaver (2009) discuss the use of guest speakers in hospitality and tourism education. Rowland (2009) shows how the use of guest speakers improved marketing students' knowledge of business practices and career opportunities; Agha-Jaffar (2000) showed that using guest speakers was an effective pedagogy in women's studies; and Butler and von Wielligh (2012) report on the successful use of guest lecturers in accounting. Guest lecturers have been used to spark interest and enthusiasm in sociology students prior to assigning a service learning project (Song, 2010) and guest lecturers from industry helped students contextualize the relationship between theory and practice in agricultural marketing (Henneberry, 1990; Henneberry & Beshear, 1995).

While this paper discusses the benefits that can arise as a result of guest speakers from the industry, there can be misuse of such a strategy. McCleary and Weaver (2009) discuss their experience of faculty members misusing guest speakers. Examples include the use of a guest lecturer to fill a void in lecture content, to replace absent academics, and even for recruitment purposes. However, we wanted to check what our students perceived about the use of industry guest speakers when implemented correctly.

BACKGROUND

Two core finance courses at the University of Cape Town were chosen to implement the strategy – Finance I at second-year level and a Finance Research Project course at fourth-year level. Guest speakers were invited to give single lectures in the Finance I course in 2011 and the Finance Research Project course in 2012. The sophomore course is the first finance course taught to those majoring in finance or actuarial science in the Bachelor of Business Science programme. Those majoring in finance are taught two more courses in the junior year and four courses in their final year, one of which is a research project course. The syllabus for Finance I and the Finance Research Project course can be found in the Appendix. The textbook prescribed for Finance I is ‘Fundamentals of Corporate Finance’ by Firer et al. (2008), a South African edition of one written for the international market. This book was prescribed as it covers a wide variety of topics required for a typical first-level finance course taught at an international standard, while the book ensures the examples are locally relevant to South African students. The senior-level finance project course has no prescribed textbook.

In the following sections, we first present the methods used for selecting and preparing the guest lecturers and gathering students’ views on the guest lecturers. This is followed by the findings from a data analysis and finally a discussion and conclusion showing the additional benefits arising from the selection of the guest speakers.

METHOD

We invited carefully-selected guest speakers from the industry with a deep understanding of the subject matter in order to facilitate the link of practice to theory. Both the sophomore Finance I course and the senior-level Finance Project contain a mix of corporate finance and studies in investments; therefore, guest speakers were chosen from both of these areas. The guest speakers were leaders in their respective firms of well-known brand names in the finance sector. The speakers were asked to prepare lecture slides on a topic and the course convenor negotiated with them to ensure that the lecture would be relevant to the students. Since Finance I is the first finance course in the degree, great care was taken to ensure that the talk was at an appropriate difficulty level and the use of industry jargon was limited. The senior level talks were not vetted for jargon as the senior students had a greater understanding of industry jargon compared to sophomore students.

A week prior to each guest lecturer’s presentation, announcements were made informing the students of the guest speaker and the topic that was to be covered. Students were encouraged to review the theoretical basis of the topic and to think about appropriate questions to ask the speaker. At the beginning of the talk, some background was given about the speaker, their achievements and about their institution of employment. This was done in order to excite the students about the quality of speaker and their institutions. The lectures were timed not to occur just before a major test in the course, a practical feature shown by Butler and von Wielligh (2012) to be valued by students.

At the end of the course, students were asked to fill in an anonymous online evaluation that asked about their impressions of the guest speakers. For Finance I, the following request was asked in the sophomore student evaluation pertaining to the industry guest speakers:

This was the first year that we invited external speakers for BUS2019S. It is a time-consuming process to organise and invite working people from the finance world. Tell us about your thoughts on these speakers and whether we should do it again next year.

However, after the evaluations were closed, we realized from the comments that not all students understood the evaluation question and a more direct approach was needed when asking students to evaluate the speakers. The following year, when the evaluations were conducted for the senior students, a similar free-response question was asked; but in addition, students were asked to rate the speakers on the following Likert-type scale:

I believe this learning activity is useful and coherent: Strongly agree, Agree, Neutral, Disagree, Strongly disagree.

The students' written comments were collated and evaluated. The comments from the sophomore students were classified as positive or negative. Our definition of negative was strong - all neutral comments were rated as negative since students could have benefitted from using the guest lecturing class time in a more appropriate manner. For example, the comments "the only thing that makes a guest speaker worthwhile is if [they give] us a real world application of finance, not something we can learn out of the textbook" and "I enjoy'd the way Kanchu ran the course as a whole" were classified as negative because it did not show that the guest lecture had been better than a regular lecture. A small number of comments were problematic to classify. The comment "It was interesting to hear from people in the Financial Services industry about the industry; however, I believe their lectures had no direct relevance to the Course" was classified as positive because counting this as both positive and negative would make it seem that the comment had come from two students and we felt the comment was mostly positive. On the other hand, "Although they gave a different perspective, the focus on their background was not worthwhile and so did not benefit me" was classified as negative although it included a positive comment.

For the senior-level course, students choosing 'strongly agree' or 'agree' were seen to be positive about the guest lecturing experience, while those marking 'neutral', 'disagree' or 'strongly disagree' were taken as negative. For the senior students' responses, the Likert-style responses were used for analysis rather than the students' written comments to avoid the possibility of double counting responses.

FINDINGS

The sophomore evaluation question was answered by 220 students from a class size of 572, or 38%. Although this is a low response rate, it is sufficient for statistically significant results to be drawn for the class. The Likert-style question used in the senior-level evaluation was answered by 74 students out of a class of 79, or 94%.

The results for the Likert-style question for the senior-level course are shown in Figure 1.

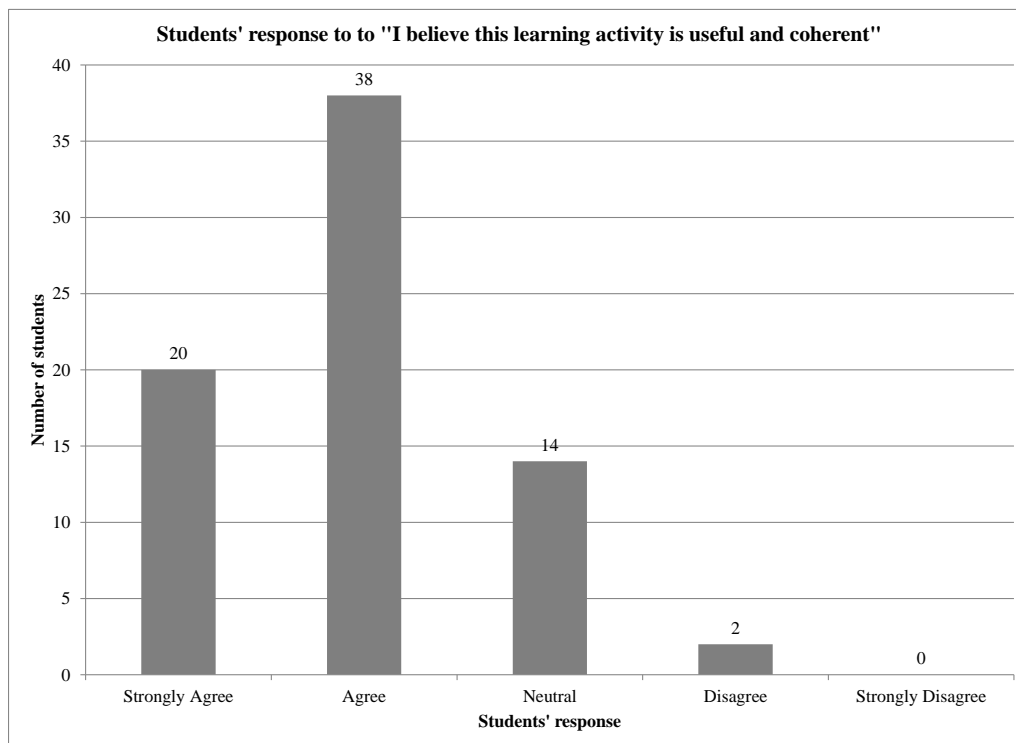


Figure 1: Senior Students' Response To "I Believe This Learning Activity Is Useful And Coherent" Asked In The End-of-course Student Evaluation

Table 1 shows the breakdown of the 220 sophomore students' written responses and the 74 senior students' Likert question responses. Despite strongly defining negative responses to include neutral responses, the results show that a large majority of students in both groups perceived the guest lectures as beneficial.

Table 1: Breakdown Of Positive And Negative Comments By Students Regarding Guest Speakers

Level	Course	Total Number of	Number (Percentage) of	
		Student Responses	Positive Comments	Negative Comments
Sophomore	Finance I	220	159 (72%)	61 (28%)
Senior	Finance project	74	58 (78%)	16 (22%)

The sophomore responses are significant at the 95% confidence level with a confidence interval of $\pm 4.7\%$, meaning that we can be 95% sure that 67.3% to 76.7% of students in the course would have rated the guest lecturers positively. The greater response rate of the senior students reduced the confidence interval to 2.4%, so we can be 95% sure that 75.6% to 80.4% of the senior students found the guest lecturers useful and coherent².

Sophomore students wrote that the guest lecturers gave them a new perspective of the business world and what their future career might involve: "... we also learnt what someone with a Finance degree can actually do." Seeing how finance was actually applied in the world was highly praised. Although some did not feel that the lecture directly related to the course work they would encounter in the exam, others appreciated that it helped them understand the context of the work covered in the course. They spoke of the lectures as "interesting", "insightful", "amazing", "very relevant", "motivational", "encouraging students to look beyond the textbook" and that the guest lecturers increased their interest in the course. One student wrote, "You have no idea how inspirational it was."

Negative comments from sophomore students focused on the content of the lectures, some feeling that there should be less about the companies the speakers worked in (some felt this was "marketing" the company) and more on "African economy and SA [South Africa] relation to the world and world economic climate as a whole" and how they dealt with the current financial environment. Some resented lecture time being used for something that was not considered "examinable work."

Most comments from the senior students related to the world of work that they might soon enter. They felt the advice from one guest lecturer was "especially helpful for people who are doing interviews with investment banks." They liked hearing what they could expect to do at work on "an everyday basis." They were interested in learning about career directions in the field of finance, reporting that the guest lecturers "provided insight into the different areas where finance can be practiced" and showed "how everything is linked and where you want to place yourself". They were interested in learning "where to find information regarding the market, what to look for and who to source it from" and valued hearing a "summary of finance." The lectures were described as enjoyable, insightful, exceptional, practical, intense and inspirational, and "the most valuable hour of the entire year." Some suggested that past students, who were recent graduates, like the investments guest lecturer, were easy to relate to while others (presumably female students) valued the role model of a very successful woman in corporate finance. An unexpected comment was that the guest lecturers provided "good networking" opportunities.

DISCUSSION AND CONCLUSION

The observation that a greater percentage of senior students than sophomores responded positively to the guest speakers might be explained by two factors: 1) the sophomore responses came from open-ended questions instead of a Likert-style question and 2) the senior students may have had more interest in real-world experiences due to their upcoming graduation. Given the focus on examinable content that was noticeable in comments from sophomore students, it could be strategic in the future to link the lectures to an assessment task. The senior students, with the prospect of soon joining the working world, did not share this focus on examinable content and, as a result, were able to gain more from the lectures.

² Calculated at <http://www.surveysystem.com/sscalc.htm#one>

Students' free-response comments also revealed other benefits from inviting guest speakers. For example, there were empowerment and transformational benefits that arose from inviting a female guest lecturer from the industry. This was relevant in our case as the Finance section in the Department of Finance and Tax is staffed with all-male permanent academic staff members, with only one female temporary academic staff member. In addition, some students saw the opportunity to network with industry professionals as beneficial.

In this paper, we discussed a strategy implemented in two finance courses at a South African university. In order to enhance students' understanding of finance, guest speakers from the industry were invited to talk about practical aspects of the material taught in class. Anonymous evaluations asking students about their perceptions of the benefits of guest speakers were analysed. The results of these analyses revealed that students did perceive that they did benefit from guest speakers at a statistically significant level. Thus, we conclude that linking practice to theory through guest speakers from the industry is perceived as beneficial at both the sophomore and senior levels.

While our primary task was to enhance greater understanding of theory through the teaching of practice, we found that other benefits may be derived by appropriately implementing this strategy. Further studies could explore how guest lecturers could be even more effective and ways in which the strategy can be linked to assessment tasks.

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APPENDIX

Course description from the University of Cape Town, Faculty of Commerce Handbook (2011)³

“Finance 1

Objective – The aim of this course is to introduce students to the study of financial markets, corporate finance and financial management with a view to further study in this field.

Course Outline – Introduction to corporate finance, financial intermediaries. JSE efficient market hypothesis, time value of money, valuation, capital budgeting, operating leverage, risk and return, long term financing, capital structure, cost of capital, financial leverage, dividend policy, financial analysis and planning, managing and financing working capital.”

Course description from the University of Cape Town, Faculty of Commerce Handbook (2012)⁴

“Finance Research Project

Objective – To teach students to understand and employ current finance research techniques so as to develop their skills in academic finance research.

Course Outline – Students will be taught relevant finance research techniques and will be expected to apply this in the context of a research project on a finance-related problem, the output of which is to be presented in the format of a journal article.”

³ University of Cape Town. (2011). Faculty of Commerce Student Handbook. Cape Town.

⁴ University of Cape Town. (2012). Faculty of Commerce Student Handbook. Cape Town.