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Las Vegas, Nevada  
October 25-28, 1998

## Academy of Free Enterprise Education

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# **Proceedings of the Academy of Free Enterprise Education**

**October 25-28, 1998  
Las Vegas, Nevada**

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Co-Editors  
Western Carolina University**

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# **Proceedings of the Academy of Free Enterprise Education**

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# THE STOCK MARKET GAME IN ENTREPRENEURSHIP EDUCATION

Larry R. Dale, Arkansas State University

## ABSTRACT

*The Stock Market Game [SMG] is designed to help motivate students to learn about the American economic system through the stock market. In Arkansas the SMG is distributed exclusively through the Newspaper in the Classroom Program of the Arkansas-Democrat Gazette [ADG]. The Center for Economic Education and Students in Free Enterprises [SIFE] programs at Arkansas State University [CEE-ASU] have been using this simulation to introduce regular college students enrolled in micro economics principles courses and students training to be teachers to the stock market and the enterprise economy.*

*The ASU SIFE team has been involved with the project in three ways. First the team has written two major publications and ten special activities' sheets distributed to students grades three through 12 participating in the program. The state had 1,200 teams in 1997-1998 alone.*

*The second publication, entitled The News Cookbook Journal, presented the stock market in the framework of corporate activity and simulated a real company, which students could emulate in the classroom. This guide incorporates the role of the stock markets in with a simulation that can make real money for the class. This booklet was made available to teachers playing the stock market game throughout the state. The publisher of both guides is the Arkansas-Democrat Gazette. We also designed 10 special worksheets mailed to all participants of the SMG to enhance the learning portion of the exercise. SIFE wanted feedback on the effectiveness of the materials they produced.*

*The SIFE team also helped conduct five teacher training workshops using their materials. SIFE team members served as host/hostess; conducted sessions; provided group checking stations, helped set up displays and provide some lecture for the teachers. A total of 211 teachers participated in these workshops.*

*Finally SIFE team members set up play stations on the Internet and with the scantron version for students on the ASU Campus in formal class settings and informal student conferences providing additional services to students.*

*The program was evaluated based on four goals; 1) increasing future teacher and college student knowledge and appreciation for economics and the stock market, 2) affecting future teacher attitudes toward economics, 3) increasing elementary student knowledge and appreciation for economics and the stock market, and 4) informing teachers about the services available in teaching about the stock market.*

*Using raw data, chi-square and regression analysis techniques this program has been found to be successful, providing valuable insights that could help other instructors establish their economic education program.*

## INTRODUCTION

The Stock Market Game [SMG] is a nationally distributed tool for teaching basic economics and finance principles through the stock market. In Arkansas the SMG is distributed exclusively through the Newspaper in the Classroom Program of the Arkansas-Democrat Gazette [ADG]. The Center for Economic Education and Students in Free Enterprises [SIFE] programs at Arkansas State University [CEE-ASU] have been using this simulation to introduce students to the stock market and the enterprise economy in three different classes;

1. Since 1992 the SMG has been used with a total of 18 classes of Economics for Teachers totaling 938 students. This is a course for students preparing to become elementary level teachers and is required for certification. The purpose for using the game in this class is to provide information on the stock market to the students and to encourage the use of the game in the upper elementary level classroom.

2. Three classes in Principles of Microeconomics totaling 77 students, mostly business majors, have also used the SMG in 1996 and 1997.

3. A class in Personal Finance consisting of 23 business area majors is using this program in 1997.

The ASU SIFE team has been involved with the project in three ways. First the team has written two major publications and ten special activities' sheets distributed to students grades three through 12 participating in the program. The state had 1,200 teams in 1997-1998 alone.

The First major publication was the two volume notebook Economics in the Newspaper: Intermediate Grades and Economics in the Newspaper: Secondary Grades. These curriculum guides show teachers how to use the newspaper to teach about the economy and business in the general curriculum using a multi-disciplinary approach that includes math, science, language arts, government and business. It includes a variety of games, puzzles and activities designed to use newspapers as a teaching tool.

The second publication, entitled The News Cookbook Journal, presented the stock market in the framework of corporate activity and simulated a real company, which students could emulate in the classroom. This guide incorporates the role of the stock markets in with a simulation that can make real money for the class. This booklet was made available to teachers playing the stock market game throughout the state. The publisher of both guides is the Arkansas-Democrat Gazette. We also designed 10 special worksheets mailed to all participants of the SMG to enhance the learning portion of the exercise. SIFE wanted feedback on the effectiveness of the materials they produced.

The SIFE team also helped conduct five teacher training workshops using their materials. SIFE team members served as host/hostess; conducted sessions; provided group checking stations, helped set up displays and provide some lecture for the teachers. A total of 211 teachers participated in these workshops.

Finally SIFE team members set up play stations on the Internet and with the scantron version for students on the ASU Campus in formal class settings and informal student conferences providing additional services to students.

The program was evaluated based on four goals; 1) increasing future teacher and college student knowledge and appreciation for economics and the stock market, 2) affecting future teacher attitudes toward economics, 3) increasing elementary student knowledge and appreciation for

economics and the stock market, and 4) informing teachers about the services available in teaching about the stock market.

These goals were assessed using raw data, chi-square and regression analysis techniques and found successful, providing valuable insights that could help other instructors establish their economic education program.

### INCREASING FUTURE TEACHER AND COLLEGE STUDENTS KNOWLEDGE ABOUT ECONOMICS AND THE STOCK MARKET

This research into the effectiveness of the SMG will focus on 22 credit courses, with 1,038 students enrolled. This group of test subjects [TS] was compared with a control group [CG] of eight classes of 291 students, who did not use the SMG approach. The control group consisted of 41 students in two classes in Personal Finance, 41 students in two classes of Macroeconomics and 209 students in four of Economics for Teachers.

The first phase of this study is to learn if the SMG is successful in improving the understanding of and appreciation for basic economic concepts and the stock market. Several studies have shown the importance of teacher education in improving economic literacy among the general population (Highsmith 1974 and Baumol 1988). The Walstad-Soper study (Walstad 1988) concludes that each college level economics course completed by a teacher add .64 points to the predicted score of his or her students on the nationally normed Test of Economic Literacy. Teacher education is the most effective tool available to the economic education movement in its goal of improving the economic literacy of the general population. This paper will evaluate the effectiveness of the SMG as an instructional method using raw data, Chi-Square statistical analysis and regression analysis techniques. A general Stock Market Test [SMT] consisting of 25 questions about basic stock market terminology and background information was developed by the instructors.

In addition the standardized Test of Economic Literacy (TEL.), published by the National Council on Economic Education (NCEE), was used as a pretest (form a) and a post test (form b) to every student in the study. The test was used to monitor progress and supply data for this study.

We first looked at the impact of the SMG approach on the learning of economics among the three student treatment groups as compared with their counterparts in the control groups. An examination of the raw data, difference between the preinstruction test mean score (PETMS) and the post instruction test mean score (POTMS), clearly demonstrates that all three subject groups did learn some economics. Teachers in the test group improved their knowledge of economics and the stock market during the course. The difference between these mean scores ranged from a low of +2.41 in a Fall 1995 class, to a high of +11.25 in a Spring of 1996 class on the TEL. The PETMS ranged from 10.95 (1995S) to a high of 30.42 (1994F) while the POTMS ranged from 18.23 (1994S) to a high of 36.56 (1994F).

A series of Chi-square tests ( $\chi^2$ ) of independence was used to decide if the difference between the PETMS and the POTMS, which improved every year, was significant using a critical value of  $\chi^2$  established at the .01 level of significance (see chart 1 for results.) Results were statistically significant, the null hypothesis was rejected, for every year except the Fall of 1993 and the Spring of 1994. Those classes still showed some improvement, but it was not statistically significant. Teacher-students in the TS group did learn economics, since the difference in scores is not random.

The control groups did not fare as well as the treatment groups. Only two of the teacher classes and one micro class showed significant improvement in economics. A second X2 test of significance was run comparing the test subject groups against the control groups. Both the teacher and micro experimental groups performed significantly better, at the .01 level, in learning economics than their counterparts in the control groups. Only the personal finance groups showed no significant difference in their performance in economics between the test and control groups. Since Personal Finance does not usually emphasize economics instruction this finding is not surprising. This finding is enhanced by the fact that all groups of classes were taught by the same instructor. The only major difference in the classroom presentation was the introduction of the stock market game and materials in the TS group.

A similar procedure was followed using the stock market test with even more startling results. The teacher and micro treatment groups learned more about the stock market, with one exception, than their counterparts in the control group. Only one teacher in the CG and none of the micro CG's improved by taking the course. The personal finance CG's fared much better, but the treatment groups still did significantly better on the post test than the CG. This is not surprising since personal finance does include a section on the stock market. What is important is that these students' learning did translate into a greater retention of the material using the SMG than a standard lecture approach to the materials even in the personal finance classes.

#### AFFECTING TEACHERS ATTITUDES TOWARD ECONOMICS IN THE CURRICULUM

Teachers who have been exposed to the SMG approach clearly have a better understanding of basic economic concepts. We also wanted to know if they appreciate economics and its importance in the overall school curriculum, particularly as it relates to that teacher's specific curriculum and lesson planning. A recent national study concludes that;

Teachers of economics believe that all teachers, themselves included, should be required to take more courses in economics than they have taken (Baumol 1988).

This interest in economic literacy is not shared by the profession as a whole since only 25% of the nations teachers have ever taken a single course in economics in either high school or college (Volker 1988).

Earlier research conducted at West Texas State University (Dale 1987) suggests that exposure to economics instruction techniques creates a favorable attitude toward economics in the curriculum among teachers. This favorable attitude is reflected in pre- and post-course survey responses. Such interest should result in more economics being taught. The same survey was used with teachers in the credit courses taught between 1992 through 1997. Although this is a required course, these students gave a mean rating of 4.68 on the Teacher Attitude Survey (TAS), with a maximum of 5.0. This suggests strong agreement with the idea that economics was an important part of the elementary curriculum. A slight but interesting difference came when teachers were asked if it were important that they; 1) understand basic economic principles and, 2) teach those principles in their own class

setting. A majority of 61% of the elementary teachers stated that they would include some economics instruction in their curriculum because of the experience.

This attitude change came with an overwhelmingly favorable response to the course experience. On the Economic Education Course Evaluation (EECE) form 84% of the students rated the course outstanding in some or all respects. Similar ratings were noted of 96% in 1992; 97% in 1993; 98% in 1994; 87% in 1995 and 45% in 1996.

Teacher attitude toward economics is critical if teachers are to include economics in their curriculum plans. The Baumol-Highsmith study indicates that;

Students share with their teachers many of the same goals for studying economics, but students believe that these goals are less important than teachers believe them to be (Baumol 1988).

If students are to be motivated to learn economics, their teachers must first be interested in the subject matter and capable of teaching it effectively. Students enrolled in economics courses are very favorable to the subject according to the Baumol-Highsmith study with 67% of the students indicating a favorable attitude toward economics subjects and only 13% disliking the subject. Excited enthusiastic teachers will improve the level of economic literacy.

Teachers leave the college experience with a better perception of economic, believing that economics should be an important part of their curriculum. This does not mean that this new attitude will be reflected in long-term changes in classroom behavior. The Economic Education Survey (EES) was mailed to all 277 graduates of the 1994 through 1996 classes to decide; 1) if they were teaching more economics or less than before the workshop and 2) what factors were influencing their behavior. Of the 277 surveys mailed, representing 100% of the population to be surveyed, 22.5% were returned with a notice that the addressee had moved, 60.13% were returned completed or partially completed and 16.82% have not been returned. This is a phenomenally high rate of return for a mail survey. This shows that the teachers still have strong interests in economics.

The survey asked teachers to set the amount of classroom time spent teaching economics as integrated into other subject areas. An overwhelming 83% of the intermediate teachers said that they did spend some time teaching economics with 13% suggesting that they spent 50% of their time or more teaching economics. Primary teachers spent an average of 17% of their time teaching economics. These statistics suggest that teachers, from the ASU courses, are spending a significant amount of time with economic subjects and content materials. Most surveys show that economics has not been given a high priority in the nation's schools, certainly much less than is proved by this group of teachers (Volker 1988). Sixty-one percent of the graduates showed that they had used the SMG in their classroom. Of those using SMG, 53% said they would use the SMG again with 26% saying they might use it again. Less than 4% said they would definitely not use the materials again. An additional 17% used the SMG materials developed by SIFE, but did not play the game. A modified form of the survey was distributed to six area principals, randomly selected, and they were each asked to give the survey to five classroom teachers on a random basis. This served as a control group. Forty-six percent of the control group surveys were returned. This group said that only 41% of the respondents included economics instruction in their classroom. On average 11% of the control group's curriculum was devoted to economics at the intermediate level and 3% at the primary level.



Only 6% of the teachers had ever heard of the SMG and less than 1% used it in their classroom. A chi square test of significance was run, at the .01 levels of significance. The null hypothesis was rejected at the .01 level indicating that workshop graduates were more likely to teach economics and use the SMG approach than the control group.

The rating was used to set up a regression analysis to learn what factors were most influential in predicting time spent on teaching economics. For this computation the information from teachers whose primary duty requires teaching economics was excluded from the test results. After econometric testing for possible adverse effects of multicollinearity and heteroscedasticity a simultaneous multiple linear regression analysis was established using the following hypothesized relationships;

$$TTEI = b_0 + b_1SM + b_2PI + b_3SAE + b_4IA + b_5SMG + b_6CSM$$

TTEI = Time teachers spend in economics instruction

SM = State Mandate Rating

PI = Personal Interest in Economics

SAE = School Administrators Encouragement Rating

IA = The International Paper Company Foundation Awards Program

SMG = The Experience with the Stock Market Game in College

CSM = Experience with SIFE Stock Related Materials

The results of the regression analysis indicated that the following factors were significant contributors to the amount of time teachers spend in economic instruction, at the .01 level; state mandates, personal interest in economics and the experience with the SMG and classroom materials.

This result is not surprising. Workshop materials and experience are a significant predictor of time spent teaching about economics and the stock market. All respondents indicated support for economics in the curriculum.

#### INCREASING STUDENT KNOWLEDGE / APPRECIATION FOR ECONOMICS AND THE STOCK MARKET

We tested three groups of 78 students, grades five and six, who were taught by three graduates of our economics for teachers class who played the stock market game and used the instructional materials. We also found two groups of 46 students in the same schools to act as a control group. While this is a very limited sample size, we pre and post tested these students using the appropriate test of understanding, The Basic Economics Test [BET], and a modified 25 question stock market test. The experimental group outscored the control group by an average 35% on the BET and 81% on the SGT. A better understanding of both economics and the stock market was found in the treatment groups at the .01 levels, using the X<sup>2</sup> test of significance. Since all of the classes contained a unit on economics in their social studies curriculum it suggests that the SMG approach worked as well with students as it did with their teachers.

## INFORMING TEACHERS ABOUT THE SERVICES AVAILABLE IN ARKANSAS AND PROVIDING QUALITY MATERIALS

The CEE-ASU uses each of our teacher contacts to advertise various materials and programs available to educators each year. Every student that graduates from the ASU course is placed on our extensive mailing list, along with workshop participants. We find that 'word of mouth' advertising is our most successful contact that has allowed us to attract 7,991 teachers to our 67 workshops held since 1992. We believe that a combination of useful free materials and successful workshops is responsible for our outreach.

Other important factors have contributed to the overall success of the program. Much of the success of the model is due in large part to the long track record of the program. The business community has provided consistent support to the program, both financial and physical, that has not been equaled by many states with larger populations and more substantial financial resources.

### CONCLUSIONS

The SMG approach is a successful tool in helping teacher, and student groups, understand both economics and the stock market. If included as part of an economics course it can enhance the learning of economics and help students better understand the role of the stock markets in society. Further, it is useful in motivating college students to study in order to retain more of the cognitive information presented in class.

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## FREE ENTERPRISE EDUCATION IN PRACTICE

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### ABSTRACT

*This paper presents the results of a free enterprise educational program conducted by the local chapter of Students In Free Enterprise and Westside Elementary School. It discusses a hands-on activity where students learned to apply free enterprise principles in a real-life market setting. The program was selected as the First Place Winner of the Business Week Best In-depth Educational Program at the SIFE International Exposition in May, 1998.*

### BACKGROUND

Imagine a fourth grade student being elected the mayor of his or her own city, taking out a loan to start a business, supervising a production facility or actually publishing a newspaper. Welcome to a place called Just Imagine City - a place where teachers' imagination of what their students are capable of learning and where students' imagination into their own entrepreneurial abilities meet reality. Just Imagine City is *both* - a curriculum based approach for helping young people imagine, investigate and prepare to become citizens of their city - as well as a hands-on learning lab site: an authentic kids size community.

Just Imagine City is a kids size city created by the Students In Free Enterprise (SIFE) chapter. It is used to provide free enterprise educational experiences throughout the elementary curriculum. The buildings in the city were constructed by PITSCO, Inc., one of America's leading educational companies and a top ten finalist in INC. Magazine's entrepreneur of the year award. The city was designed to be transportable: it can be easily moved and set up in schools throughout the area. The curriculum guides teachers step by step through the preparation they need to give their students exciting insights into economic and governmental processes.

On the day of their visit to Just Imagine City, the students assume various roles, such as business owner, employee or government official. Students learn what it means to secure and pay back a bank loan, meet a payroll, supervise employees, personally earn and manage money, work to meet customer expectations, hold elected office and serve the public through tax supported services. This mini-economy, which consumes an entire gymnasium, includes a city hall, bank, newspaper, radio station, manufacturing facility, two retail stores, restaurant, computer cafe and office supply store. It is a living, functioning, self-sufficient city, with one small exception - all of the business owners, employees, government officials and other citizens are fourth grade students.

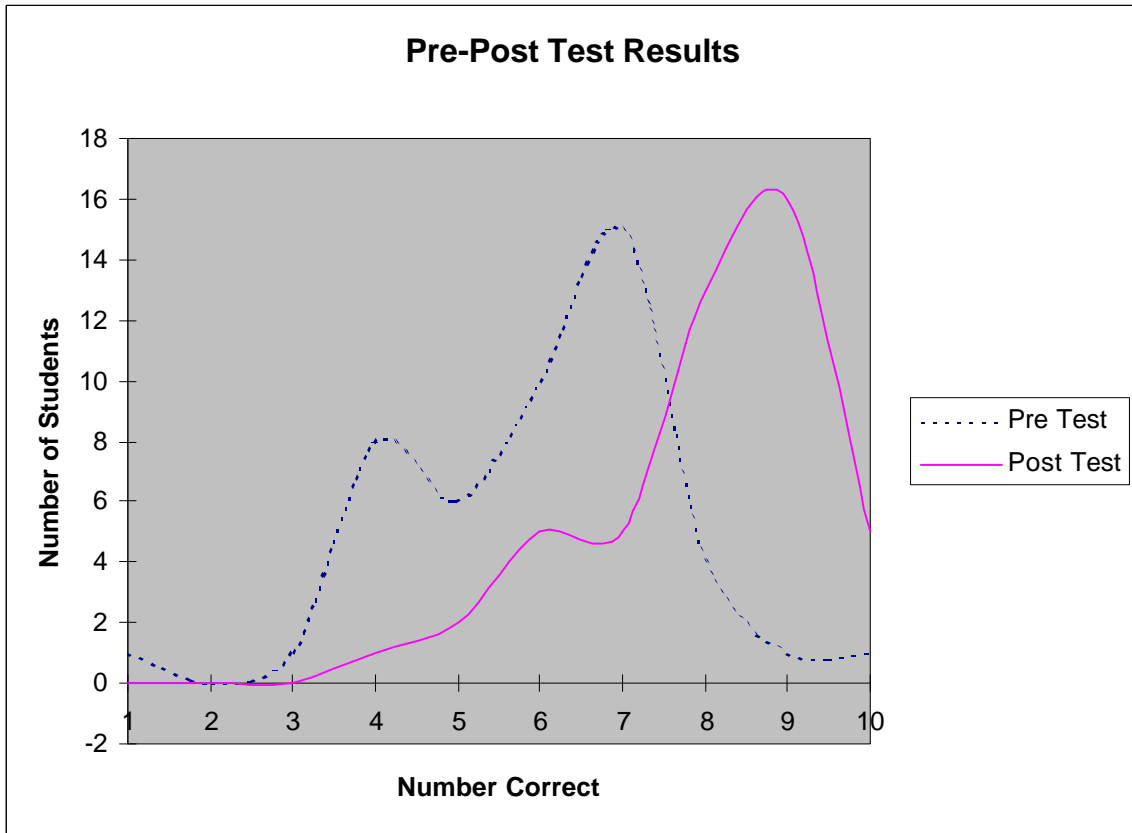
Each business in the city was sponsored by a local company. The owner or president of each sponsoring business was invited to visit the classroom and discuss how he or she ran the business, particularly their thoughts on the subject of running a business and business ethics. Then the students working at each of the eight businesses and city hall used this information to model their business after that of their sponsoring company. They even developed their own set of business standards.

### LEARNING

Learning actually occurs for all the constituents: elementary students, teachers and parental helpers, SIFE students, and business sponsors.

The program begins with the in-class curriculum, which was designed by several SIFE students, two local elementary teachers and an elementary education specialist working for PITSCO, Inc. A formal curriculum was developed to amplify all of the topics in the Social Studies textbook, but went far beyond the academic topics to include experiences available from participating in a business setting. The elementary students participating in Just Imagine City have spent weeks prior to their visit completing the preparatory materials. They have worked through several general economic lessons in their Social Studies class, learned the role of government in a market economy, elected government officials, learned about work and the idea of division of labor, applied for various jobs and trained to perform their specific job duties.

This study used a single group, pre-post test research design. Prior to beginning classroom preparation, the students were given a pretest to their knowledge of general business information. Following the operation of business at Just Imagine City, the students were given a post test measure the increase in knowledge of general business information that had occurred since the pretest was administered.



The ANOVA test run on subjects responses, on the pre-post test, showed a significant ( $p < .05$ ) increase in test scores following the manipulation.

The mean, standard deviation, and ANOVA results are shown in table 1.

Table - 1

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
Pretest	47	282	6.00	2.782609
Posttest	47	377	8.02	2.064755

ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	96.01064	1	96.01064	39.61355	1.04E-08	3.944535
Within Groups	222.9787	92	2.423682			
Total	318.9894	93				

Summary Statistics		
	<i>Pretest</i>	<i>PostTest</i>
Mean	6.00	8.02
Standard Error	0.23	0.21
Median	6.00	8.00
Mode	7.00	9.00
Standard Deviation	1.63	1.44
Sample Variance	2.67	2.06
Kurtosis	0.97	0.33
Skewness	-0.42	-0.87
Range	9.00	6.00
Minimum	1.00	4.00
Maximum	10.00	10.00
Sum	294.00	377.00
Count	49.00	47.00
Confidence Level(95.0%)	0.47	0.42

In addition to the quantifiable results of the pre and post tests, the students experiences a substantial amount of experiential learning. Specifically -

#### The interdependence of businesses in a free market economy

Each business owner starts the day by visiting the bank to take out a loan for the operation of their business. The owners use the loan to purchase operating supplies from the wholesaler as well as meeting initial payroll. The products or services of each business are then dispersed to the “public” except in the case of the manufacturing plant, whose products are first sold to the retail store.

#### Economic aspects of business such as taxation, loans/interest, and payroll.

Before the day at Just Imagine City, business owners must develop cost projections for start up and operation of their business. Start up costs include initial supplies and payroll. During the day, the students must meet payroll and make deposits at the bank. Immediately following the close of business at Just Imagine City, the students fill out income statements to determine the profit/loss of their business. They must also calculate and pay taxes on their business as well as going to the bank to repay the loan principle with interest. Appendix -1 shows a sample income statement from Just Imagine City.

Managerial aspects of business such as scheduling, inventory management, and conflict resolution.

The business owners are responsible for developing a work schedule for their employees. In addition, all the students learn the value of working as a team. For example, the manufacturing plant utilizes an assembly line type of process for the production of their goods. Each student's job is dependent on the other workers on the line, which builds an interdependence among the members of the business. Also, all students are responsible for counting and calculating the values of the business inventory at the close of the day.

Career development skills

The students are required to fill out job applications for positions they desire. Included on the job applications are three references, some of which are checked by the students' instructors. In addition, students desiring to be mayor must run a short campaign which culminates in the class voting for the mayor. Therefore, students are given a basic experience of the political process.

Teachers, and the parents who helped to run the Just Imagine City, not only learned in greater depth about the curriculum and subject matter, but also experienced the angst of coordinating a major project, and the problems associated with securing budgetary support. The SIFE students, who had the vision and started the whole project, became heavily involved in selling their ideas to schools, teachers and community sponsors. Once this was accomplished, they arranged for financing the program, coordinated all activities, and helped to design curriculum. A further learning experience came when they had to work with a local manufacturing company to design and build the physical buildings which are used as part of the City.

Even the business and community sponsors got involved and learned more about themselves and the free enterprise system. Many community leaders visited the classrooms involved. Having to discuss their business operations, plans and ethical dilemmas with elementary students was itself a learning experience for many. Beyond this, a number of business persons visited Just Imagine City on the day the activities were run. All were very appreciative of the opportunity to communicate with a new generation and to see how future workers and consumers reacted to their products.

### EXCITEMENT

Most importantly, Just Imagine City is a learning environment in which students are given opportunities for real rather than imagined experiences, active rather than passive learning, and actual economic decision making with consequences they will bear. As students prepared for their roles in the Just Imagine City throughout the semester there was obvious excitement and anticipation (many had talked with upperclass persons who had run Just Imagine City the previous year). This excitement translated into much more focused learning during the preparation stages (when foundation learning took place). It was also evidenced in many little touches that students generated themselves. For example, each student designed and developed on a computer his or her own business card that was indicative of the business or position.

## COMMITMENT

Just Imagine City started as an annual project of the Students In Free Enterprise chapter. Initially devised as an in-depth free enterprise educational project, it has become one of the most endearing projects the university students participate in. All of these students are committed to learning more about and communicating the benefits of the private enterprise system, but the Just Imagine City program has given them the ability to actually use much of what they are learning in their university classes in real-life situations. This has created far higher levels of enthusiasm and commitment.

There has also been a great deal of enthusiastic support from the community. Beside business leaders going to the classrooms to discuss with students what they do, many visited the actual Just Imagine City. Beyond being a learning experience for these business leaders, it engendered high levels of commitment. They were able to see and appreciate the benefits of developing free enterprise awareness among the elementary students.

## CONCLUSION

Just Imagine City is the ultimate test of the idea that young students can learn about Free Enterprise and Entrepreneurship in a meaningful way. Although only three classes have been through the program so far, teachers from throughout a four state region have begun talking about scheduling Just Imagine City to visit their schools next year. PITSCO, Inc. is even considering offering this program as one of it's many educational projects to teachers across the country. Just Imagine City was featured in two television news stories on the local CBS and NBC affiliates. It was also the subject of two stories in the local newspaper.



# NATIONALISM, FREE ENTERPRISE AND NATIONAL RESOURCE ALLOCATION PRIORITIES

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## ABSTRACT

*Sovereign nations regardless of their political ideology, allocate and/or attempt to influence how their resources are used. One nation may encourage investment for present production and consumption; another may encourage investment for future production and consumption; yet another may attempt to find a balance between these extremes. This study assesses the perceived existing resource allocation priorities and compares them with the preferred priorities. Disparities between existing and preferred priorities provide early warning signals of political unrest. Specifically, if citizens of a nation perceive their nation's resources to be allocated in the appropriate manner, nationalistic sentiments will be strong. If, however, the citizens perceive a difference between the way the resources are allocated and the way they should be allocated, then the seed exists for growing anti-nationalistic sentiment.*

*Results indicate subjects prefer: more dispersal of economic power, more investment in future rather than present, more self sufficiency rather than trade, more even level of development across country, more preservation rather than exploitation of resources, the status quo with respect to the market system and welfare, the status quo with respect to human resources development versus physical resources development, the status quo with respect to employment versus technical efficiency, more private rather than public sector emphasis, and more civilian economy emphasis rather than military buildup. In both free enterprise and other economies, these findings have rather direct implications on political risk assessments.*

## INTRODUCTION AND TERMINOLOGY

We tend to think of nations as being geographically defined because they are outlined neatly on maps. Similarly, earlier nations tended to be defined in terms of the geographic area the nations' armies could defend. Such a geographic conceptualization is not universal. Some nations have existed without defined geographic boundaries. For example, in Islam there is no fundamental distinction between nation and religion nor between religion and politics. There is a tendency among many people, Islamic or not, to refer to the "Moslem world," as if it were one nation. And, in what is now the United States, a group of indigenous people may sometimes be referred to as, for example, the Sioux nation.

In the East, there is a tendency to attribute nationalities according to descent of parents. Hence, one might have been born and lived all of one's life in Malaysia and be Chinese. In biblical times, the nations were the non-Jewish; the Gentiles. And, today, among Mormons, the gentiles are the non-Mormons. In some countries, there are groups of people who are treated as if they are not

really "nationals" of those countries, for example, "Greeks" in Turkey, "Turks" in Greece, Kurds in several countries, and so on.

Perhaps the biggest catalyst for the formations of the European nation-states was war and its consequences rather than philosophical considerations and social tendencies (Kennedy, 1987). However, given the present state of affairs in the former Yugoslavia, wars, philosophies, and social tendencies may be virtually inseparable.

In this paper we frequently use the term nationalism. We could just as well have used the term patriotism. Neither term accurately describes the issue we wanted to address. Both terms are too strong and have strong connotations. The phrase, extent of agreement with what the government is doing, would probably better describe the issue we are addressing. Strong agreement would lead to strong patriotism or nationalism. Similarly, strong disagreement might also lead to strong patriotism or nationalism. We chose to use the less cumbersome term, nationalism, because it is the term frequently used to describe the devotion of citizens of developing countries to their nation state. In the United States, there is presently a rather large group of people who disagree with how the government is allocating its resources. We are not sure that lack of nationalism is a proper way to describe this present disagreement. Should the disagreement be accompanied by a perceived lack of remedy, as might be the case if the situation persisted for a long period of time, then lack of nationalism would be one predicted result. Hence, we chose to use the term, nationalism, despite its strong connotations.

Some nations are more cohesive than others. In most nations, citizens are expected to show an allegiance to their country. If they do not, they may be accused of treason, a betrayal of their country. At the other extreme, when nationals exhibit a strong devotion to their nation, we may say they are nationalistic. When citizens appear to show virtually no emotion one way or the other, we may say they are apathetic. We sometimes have a difficult time deciding whether one has betrayed his or her country or has shown a great devotion to it. A prime example of such ambiguous times were the sixties when draft card burning, fleeing to Canada, and demonstrating against the system might be interpreted as betraying the country or working to save it, depending on one's belief about the legitimacy of the Vietnamese War. Some think Colonel Oliver North showed a great devotion to his country. Some think he did not. Some think President Clinton did not show a great devotion to his country. Some think he did. Some think flag burning is an illustration of a country's strength; others think it is an indication of its deterioration.

We should not assume that nationalism is something which is irrational even though it sometimes appears to be an ethereal, mystical, will-o'-wisp sort of idea (Robinson, 1978). As noted above, nationalism may at times be defined in terms of loyalty to geographically defined states, at other times in terms of loyalty, for example, to a religion. Today, in the geographic area formerly called Yugoslavia, ethnic groupings seem to be the criteria used to define nations.

However conceptualized, created, and nurtured, nationalism is frequently felt to be a necessary, though maybe not sufficient, factor to ensure the survival of a nation state. Nationalism, helped along by the legal system, keeps nationals paying taxes albeit sometimes only reluctantly. Devotion to our nation keeps us believing and supporting actions taken in the interest of national security or humanitarian actions, for example in Vietnam, Somalia, the Middle East and the former Yugoslavia. Depending on how our nationals are treated when carrying out such actions we may agree or disagree with allocation of resources for the purpose of helping other countries. For

example, opinions regarding our allocation of resources to help Somalia probably changed when we saw our nationals mistreated on television. We are not asserting that agreement with the way a government allocates resources is the same thing as nationalism.

In this paper, nationalism is defined as loyalty to, identification with, or devotion to one's country [Cf. Ball and McCulloch, 1996]. An agreement on, or at least a toleration of, a set of national resource allocation priorities is a necessary condition to ensure the existence of nationalism. As a minimum, it is usually assumed that we must at least agree on the system of arriving at a certain allocation. For example, the U.S. system which many Americans agree on is the free enterprise system. A large disparity between existing and preferred allocations would lead us to predict political problems for the incumbents even though the opponents may not have a better set of resource allocation plans. In such cases, we say the voters cast "protest" votes. For example, in the recently created CIS, some say the the present anti Boris Yeltsin sentiments might not be votes against the free enterprise market system for allocating resources; rather, these sentiments may be "protest" votes, sort of "throw the bums out" mentality. Some Russians blame free enterprise and call for a return to communism and a command economy.

The source of a major part of nationalism is the extent of agreement or shared beliefs of a nation's citizens regarding the allocations of the nation's resources. That is not to say everyone must agree on these allocations. There can be widespread disagreement on a given allocation at any particular time. However, there needs to be some degree of agreement on at least the system used to arrive at a given allocation. In an increasing number of countries, part of that system is the market system albeit there are some setbacks such as the one just cited in the CIS. However, even in the most capitalistic free enterprise systems, there exists a rather heavy influence from the political system. Many resource allocations are not made on the basis of market forces. For example, our social support systems result in allocations made on the basis of forces other than market forces. The hallmark of an effective political system is one which has created patriotism, devotion, and nationalism, and effectively kept pluralistic differences from disintegrating the nation.

Even avid conservative capitalists recognize some need for some government regulation. Direct reallocations of resources based on forces other than market forces are sometimes justifiable to avoid untenable disparities of living standards and concentrations of wealth and power which might lead to disintegration of the system. When nationalism is strong, citizens in an otherwise free enterprise system will support or at least tolerate allocations of resources on bases other than the free enterprise market system. Again, the hallmark of an effective political system is one which keeps pluralistic differences from disintegrating a nation. However, most political systems rely on the strong nationalism of its participants.

## PURPOSE

As noted above, sovereign nations allocate their resources in different ways. For example, one nation may encourage investment for present production and consumption; another may encourage investment for future production and consumption; yet another may attempt to find a balance between these extremes. The primary purpose of this study was to assess the perceived existing resource allocation priorities and compare them with the normative priorities. It was assumed that the extent of agreement of these "is" versus "ought" assessments of resource allocations

would provide one measure of the potential threats to nationalism. These disparities would, in a sense, provide early warning signals of political unrest, a tendency to disintegrate. From this perspective, the assessment of the disparity of existing and normative priorities is one step toward political risk assessment.

Specifically, if citizens of a nation perceive the nation's resources to be allocated in the appropriate manner, nationalistic sentiments will be strong. If, however, the citizens perceive a difference between the way the resources *are* allocated and the way they *should* be allocated, then the seed exists for growing anti-nationalistic sentiment. It is not assumed that this measure is all there is to nationalism. Nationalism has many more dimensions. However, dissatisfaction with the allocation priorities will not bode well for political stability. In some countries, dissatisfaction with resource allocations is expressed in the voting booth. In others, this relatively peaceful expression of dissatisfaction is not an option. Rather, revolutions and coups are considered to be the only viable options.

## METHODOLOGY

The subjects were business students in a large southeastern state-assisted university. We chose students as the population to sample because, especially since the sixties, college students have become the bellwethers of societal issues. Though not necessarily recognizing them as authoritative or even knowledgeable sources, we have come to expect college students to willingly express their opinion on such matters. We also have come to expect them to actively attempt to change matters they do not like.

We chose business students, in particular, because we assumed they would be more conscious of the economic effects of the resource allocations they would be asked to assess. Also, intuitively, we expected business students to be more conservative than students in liberal arts. Hence, we assumed any finding of a discrepancy between "what is" and "what ought" among business students (given the nature of our questionnaire) would be magnified if liberal arts students were used. In other words, we specifically wanted the opinions of conservative students. We assumed that any dissatisfaction found among these conservative students in a conservative area of the country, would be found in a greater amount in more "liberal," "progressive," or "activist" subjects in more liberal colleges and/or areas of the country.

More than 230 juniors and seniors completed the questionnaire shown in Exhibit 1. The number of subjects varied with the various scales on the questionnaire but was never less than 230.

Results are presented in Table 1. Relative to their perception of the existing position of the United States on these ten scales, these subjects prefer:

- more dispersal of economic power, e.g., small rather than large companies
- more investment in future rather than present
- more self sufficiency rather than trade
- more even level of development across country
- more preservation rather than exploitation of resources
- the status quo with respect to the market system and welfare
- the status quo with respect to human resources development versus physical resources development

- the status quo with respect to employment versus technical efficiency
- more private rather than public sector emphasis
- more civilian economy emphasis rather than military buildup

Scale	MEANS			SIGNIFICANCE	
	Importance	Is	Ought	T	Level
1	9.31	2.82	3.59	-9.74	0
2	12.38	3.24	2.92	2.92	0.004
3	11.07	2.99	3.63	-6.34	0
4	6.54	2.66	3.68	-10.79	0
5	8.71	2.83	3.96	-11.96	0
6	9.06	3.01	3.07	-0.49	0.626
7	9.46	3.11	3.07	0.47	0.638
8	11.76	3.12	3.21	-0.84	0.401
9	8.77	3.11	2.83	3	0.003
10	14.67	2.51	3.26	-8.66	0

### IMPLICATIONS FOR BUSINESSES

These results will have different implications for different firms. For example, firms with operations which have a strong negative environmental impact should seriously consider these subjects' responses to Scale 5. And political leaders should seriously consider Scale 5 responses when attempting to attract firms to invest in this country. Defense contractors would be interested in the responses to Scale 10. Scale 2 responses might be viewed as supporting political decisions to improve this country's infrastructure. Business firms producing goods used in the development of infrastructure, such as the author's former employer, Caterpillar, Inc., would probably interpret the Scale 2 responses as supportive of their industry. However, equipment manufactured by Caterpillar is also used in extraction activities. These activities are frequently viewed as having a negative impact on the environment. Hence, responses to Scale 5 would be of interest. Generally, again, responses would affect different firms differently. And, it would behoove a firm to predict how various resource allocation priorities, both actual and preferred, would affect their business.

Perhaps the most use for these results would be in the development of nation-state profiles. Business firms could construct and use these profiles to judge the attractiveness of a nation as a potential host nation. One of the most important factors influencing the decision to invest in a nation is the nation's political stability. Stability is probably more important than form of government. Hence, monitoring the resource allocation perceptions over time would provide businesses with leading indicators of instability.

As indicated earlier, although many factors influence nationalism, opinions regarding the appropriateness of the national resource allocation priorities are at the roots of one's nationalistic spirit. In the United States, improvements of health, education, and welfare of our citizens are presumed to be appropriate national goals. It is generally expected that the national government

should allocate resources in such a manner that these important national goals will be realized. There are frequent disagreements as to whether and to what extent the national government should directly provide health, education, and welfare benefits. However, there is little controversy with respect to allocating resources for the purposes of creating an environment conducive to attainment of these goals.

The resource allocation priority scales used in this study address the really basic priorities of a nation. Specific business firms should develop more specific scales describing more specific activities. For example, for Scale 5, a firm would want to know the specific actions a nation takes to preserve environmental integrity. These specific actions are usually indicated in national laws and regulations and, hence, are available in secondary information sources. Frequently not available in secondary information sources are the opinions of the populace. These opinions are important because they can indicate the degree to which laws and regulations are implemented and enforced relative to the extent to which they should be implemented and enforced. Admittedly, obtaining these opinions would require the expensive collection and interpretation of primary data.

The resource allocation priority scales we used in this study addressed the really rudimentary priorities of a nation. Our data are only a snapshots of the subjects' perceptions of these fundamental priorities at one point in time. Results would be much more meaningful if they could be compared with results obtained in other nations and/or by observing changes in perceptions within one nation over a period of time.

## REFERENCES

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- Kennedy, Paul. The Rise and Fall of the Great Powers, New York: Random House, 1987.
- Robinson, Richard D. International Business Management, Second Edition, Hinsdale, Illinois: The Dryden Press: 1978, (Credit is given to this source for the originating the resource allocation priorities as in the questionnaire used in this study.)

### Exhibit 1. NATIONAL RESOURCE ALLOCATION PRIORITIES QUESTIONNAIRE

Sovereign nations allocate their resources in different ways. For example, one nation may encourage investment for present production and consumption; another may encourage investment for future production and consumption; yet another may attempt to find a balance between these extremes. On the scales below, please: 1. Place an X on the five-point scale where you think the United States' allocation priorities are presently located. 2. Place a O on the five-point scale where you think the United States' allocation priorities should be located. 3. Distribute 100 points according to the relative importance of each of the 10 development policies by placing a number between 0 and 100 to the left of each. Make sure these numbers sum to 100.

Relative	X = How resources are presently allocated.					
Importance	O = How resources ought to be allocated.					
		1	2	3	4	5
_____	Disregards Concentrated Economic Power, e.g. large companies	—	—	—	—	—
	Emphasizes Dispersed Economic Power, e.g. small/medium companies					
_____	Invests for Future Production and Consumption	—	—	—	—	—
	Emphasizes Achieving International Interdependence					
_____	Disregards Geographic Concentration of Companies	—	—	—	—	—
	Emphasizes Preserves Environmental Integrity					
_____	Bases Consumption on Ability to Pay (Market System)	—	—	—	—	—
	Assures a Given Level of Consumption (e.g. Welfare)					
_____	Emphasizes Human Res. Development	—	—	—	—	—
	Emphasizes Physical Resource Development					
_____	Emphasizes Full Employment	—	—	—	—	—
	Emphasizes Technical Efficiency					
_____	Emphasizes Private-based Sector	—	—	—	—	—
	Emphasizes Government-based Sector					
_____	Emphasizes Very Strong Military Buildup	—	—	—	—	—
	Emphasizes Strong Civilian Economy					
Total=100		1	2	3	4	5

## **ENTREPRENEURSHIP EDUCATION: AN INTEGRATED BUSINESS CORE**

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### **ABSTRACT**

*An undergraduate student traditionally enrolls in a series of business classes, which often seem to deal more with theories than with practical applications. For many students a senior-year course in strategic management provides a culminating experience when concepts from various classes are integrated, but still from a theoretical, rather than from a practical, perspective. Recognizing this gap in undergraduate education, the Brigham Young University – Hawaii has designed, proposed, and implemented a new integrated business core (IBC) experience. The core integrates the junior-level courses in Business Finance, Business Marketing, and Business Communication with an entrepreneurship practicum.*

*Students in the IBC are treated as employees and organize themselves into companies, consisting of working teams or departments in which they function throughout the semester. Each company chooses a product to produce or sell, prepares a written business plan for the company, presents its business plan to bankers from across Oahu, and begins operation. The students are completely responsible for the operation of the business, including compliance with any laws or regulations pertaining to the particular enterprise. The students provide all of the labor, the management, the record keeping, etc. of the business. At the end of operations, the students are required to close the company, including disposing of excess inventory and any equipment purchased, preparing final financial statements, and repaying the loans.*

*The mission statement for the core states, “We are members of an integrated business core class, formed to learn about finance, marketing, business communication, and entrepreneurship. We will focus our efforts on using this information by working effectively with others in teams and companies to implement entrepreneurial ventures and service activities during the semester. We will also prepare ourselves to apply what we have learned to successful careers upon our graduation from BYU-Hawaii.” The students in our inaugural IBC (Winter, 1998) believe they have fulfilled their mission.*



# THE ENTREPRENEURIAL EDUCATION OF AT-RISK MINORITY YOUTH: THE LAREDO CASE

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## ABSTRACT

*The education of at-risk youths is of prime importance to educators nationwide. The project outlined in this paper presents a method for providing entrepreneurship instruction for at-risk students. Specifically, the Hispanic culture was provided with a means to adopt an educational model to enhance student learning. The project outlined in this paper provides a method for enhancing education efforts in Hispanic-dominated schools and offers suggestions for any application in other minority or underprivileged environments. This paper discusses a project initiated by Drury's Students in Free Enterprise (SIFE) team that addresses the goal of teaching economically disadvantaged people about the free enterprise system and provides the theoretical foundation for providing education to economically disadvantaged of all ages.*

## INTRODUCTION

Laredo, Texas is a community of approximately 150,000 inhabitants near the U.S.-Mexican border. Laredo is struggling with deprivation, and losing. The unemployment rate is 11.3 percent, nearly twice the acceptable or frictional unemployment level (Rohlf, 1996). The average income is \$7,039 with approximately 40 percent of the population below the poverty level. Education, an important key in escaping poverty, lags far behind national norms. According to the latest U.S. census, 16.5 percent of the city's population holds a high school diploma. Roughly 94 percent of the population is considered Hispanic in origin (Census, 1990).

The Students in Free Enterprise (SIFE) chapter at Drury College felt they could make a significant impact in Laredo through its entrepreneurial education and mentoring efforts. SIFE is a not-for-profit organization consisting of students from approximately 600 college and university campuses from around the world. SIFE students are challenged to employ the knowledge they obtain in the classroom in practical applications. The teams spread the ideas and beliefs of free enterprise through the use of outreach programs designed to impact schools, campuses, and communities.

Drury's SIFE team, consisting of 26 college student, participated in an ambitious project aimed at changing the lives of sixth grade students at the Los Obispo Middle School, located in Laredo. The majority of these sixth grade students are considered "at-risk", a term referring to children with inattentive and oppositional behaviors, hyperactivity, antisocial attitudes, disruptive actions, and other characteristics that may contribute to their academic failure (Grant, Acker, Guerra, Duplechain & Coen, 1998).

The project began as a simple writing exercise. Each member of the Drury SIFE team was paired with one of the at-risk students. The correspondents communicated through a series of letters, each containing a different theme. Among the topics discussed were responsibility, academic achievement and the importance of education. With each letter, the SIFE students attempted to position themselves as positive role-models for the younger students. Coined, “Each One-Reach One” the exercise was considered beneficial by both parties and became the impetus for our entrepreneurial education model.

Several months after the initiation of the program, the team of students traveled to Laredo to conduct a series of interactive seminars. Entitled “Building for Tomorrow” the project reached more than 160 sixth graders, all of whom are Hispanic, the vast majority underprivileged.

The purpose of this paper is to outline the procedures used to assist in the education of these students. A model is offered that can be adapted for use in other underprivileged domains, as well as a review of the project. Finally, extensions and implication are presented.