

An Investment Simulation for Business English Studies

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Problem

Business English (BE) studies, including those aimed at ESL or EFL students, tend to cater to university or adult learners whose specialty is business or economics. As a result, many of the teaching materials use fairly technical jargon and a strong specialty focus in content. However, it is relatively common for students with other majors to enroll in a course of BE studies (whether by choice or graduation requirement). These students do not usually need such a specialized approach to the subject. Moreover, they may be less intrinsically motivated to study in the field than those learners whose major or occupation is business-oriented. Therefore, it can be difficult to find appropriate BE learning materials for such students.

Those with relatively low English proficiency have even more difficulty with such courses than native speakers of the language. The content may be challenging, particularly as it appears in a nonnative language, and in addition these students may have limits on their knowledge of and skill in learning strategies. Consequently, they may spend most of their studies of content vocabulary in rote memorization and dictionary analysis. While these study methods are not inherently useless, they do tend to be uninteresting - especially to younger students who are attending required courses. In addition, a focus on such methodologies may encourage a superficial learning of the concepts underlying each lexical item.

Hence, the use of teaching techniques which combine elements of interest and applied knowledge may be desirable in BE classes. However, even with such a technique students with weak language proficiency may have difficulties with concept analysis: they would in all likelihood lack the vocabulary required to engage in the complex discussions that such analysis might entail.

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Background

Study techniques for vocabulary acquisition that give the opportunity to explore content and discover meaning, and then apply learned concepts to realistic situations, may create a deeper comprehension of vocabulary or of basic principles of business and economics than through the use of memorization. It is, after all, a well-established practice to use the so-called “discovery” approach to the study of the pure and social sciences.

To illustrate, it is common for students to conduct survey research concerning attitudes, behaviours, and opinions. Following this, they report their findings and conclusions to the class. In this way, the teacher does not feed ideas directly into students’ minds: they must find out information through their own efforts. Similarly, laboratory experiments in science classes require students to make and test their own hypotheses.

In the real world of business, people also carry out experiments: they have to evaluate situations, then take risks with their money. These risks depend on discovering by trial and error the validity and suitability of various strategies for securing a decent financial security and return. If people open their own business, they have to research the location, calculate and find the amount of starting capital needed, make budgetary plans, and so on. While there are books and courses of study to help them with this, it is still a matter of discovering what works best, often by struggling to make the new business successful for several years. If after all this the business fails, people learn from their experience, and rebuild accordingly, or else they quit entirely. In either case, they have gained information about running a business and about their own financial management skills and weaknesses.

Since it is a common human interest to play games of chance, to gamble, to take risks whether financial or social, a teaching technique that contains an element of risk may be motivating to students. With that in mind, an attempt has been made to create a BE project that combines risk and learning of a necessary life skill (money management) with the study of relevant business terms.

Concept

One type of discovery-based project that can be effective in stimulating interest and increasing knowledge of BE lexis is an investment simulation. The central idea

is that students form investment groups, receive a set amount of money (imaginary), research investment options, “invest” the money in whatever ways they desire, and then track its growth or decline in value. They are required to report their reasons for choosing each investment, their final equity over a given period of time, and their explanations of the causes of their gains and losses.

To carry out such a project, it is necessary to learn at a practical (i.e., usable) level the meaning of several business and financial terms. In addition, students are gaining financial experience - a fundamental life skill which they can readily see the value of. Therefore, the simulation is useful to the students in an obvious, motivating way. Moreover, since an element of chance is involved (albeit hypothetical), this adds to the interest level. By challenging groups to compete against each other to achieve the greatest return, another motivational component can be added.

In order to meet the language needs which underpin the activity, it is helpful to develop an information reporting system that reduces the level of language complexity to an appropriate level (i.e. using a group report format that combines oral and written information). Since the amount of class time devoted to the activity is limited, the final reports can be used for assessment purposes. Alternatively, they can be viewed as simply another learning tool or homework activity.

The following describes the development and testing of an investment simulation within a Japanese EFL classroom situation.

Class Profile

The investment simulation described subsequently has been tested with a third year university EFL class of 18 male and 31 female Japanese students. The students were assessed as roughly lower intermediate to intermediate level of English proficiency, using an in-house C-test for initial general proficiency evaluation. These undergraduate students, whose major is Regional Development Studies, took a required third-year two-semester course in Business English comprising weekly 90-minute classes (approximately 45 hours in total). In their department this is the final required English course following three courses of equivalent length in Oral Communication, General Reading Comprehension, and Media English.

Method Description

In preparing for this simulation, a somewhat arbitrary list of minimum vocabulary deemed necessary to conduct the activity was brainstormed by the teacher.

Prior to the commencement of the simulation, students were given the word list (Appendix 1) and asked to circle any items they understood already. After that, they formed pairs and shared their vocabulary knowledge. Students were then advised to check the meaning of any unknown words in a dictionary.

For the second stage of the activity, each pair was given two international market indicator tables, copied from a recent issue of *The Economist* magazine, of stock and currency market growth (i.e., comparing market growth of different countries' markets and currencies). They were also given as a homework assignment a list of questions designed to increase vocabulary understanding and to help analyze the market information (Appendix 2).

In the following lesson, students formed groups of four and compared their answers to the questions. Subsequently, answers were reviewed with the whole class, and the teacher provided additional background information regarding current market influences, strengths and weaknesses.

At this point, the simulation was introduced, using a brief handout outline (Appendix 3). Each pair of students was required to invest the sum of five hundred thousand yen (¥500,000) in any suitable way with the goal of achieving the greatest return. If they wished, they could even keep all of the money in cash, so long as they could give logical reasons for doing so. It was pointed out that the investment time frame was rather short (December 15, 1999 ~ January 19, 2000) and that there was some market uncertainty due to the impending Y2K effect. Each pair was required to hand in an initial investment record in the next lesson (one week later), accompanied by a brief written explanation of the reasons for each investment. The following week, the teacher reviewed each record and where necessary had students make revisions and clarifications. Students were encouraged to track each investment throughout the investment period, buying or selling whenever they felt it was appropriate.

For the next month or so, students carried out the simulation outside of class time without teacher supervision. Then, on the closing date (January 19), each pair brought a written record of their investment portfolio developments to class. Students formed groups of six in which each student had a different portfolio (i.e., the members of each pair separated). Each student used the record to give an oral report to the group and students were encouraged to question and challenge the results. Finally, the student from each group with the greatest profit repeated the report in front of the whole class, and the student with the best investment growth

received a prize.

To complete the activity, students were asked to evaluate the simulation using three survey questions (see Results) and then were given an achievement test which included many of the simulation vocabulary items.

Results

During the simulation, it became clear that students could predict economic issues directly related to individual investments or industries (especially those that were Japan-specific) more easily than more global ones. For instance, one group wrote,

We bought the stock of Toyota because many people would get bonus salary around this day so that they could buy a new car, and on this market, the price of the stock was a little down, so we thought it was a chance to buy the stock.

Here, it is evident that they are applying their knowledge of the local economic situation to a specific stock purchase.

On the other hand, students seemed largely ignorant of the social or political externals which influence national markets. For example, they were not able to give a reason for the weakness of the Indonesian stock market and currency value despite being marginally aware of the recent political troubles in Indonesia. In a straw poll, it was discovered that less than 30% of the students studied the international news on even a weekly basis.

In consequence, many of the homework questions about market comparisons (Appendix 2) were too difficult for students to answer correctly. Too much class time (almost sixty minutes) was required for review and explanation of answers, especially those which were more interpretive than statistical (e.g, If you opened a foreign currency bank account in Tokyo, which major currency would be the best? Why?).

In the end, the teacher had to provide many of the answers in a kind of mini-lecture. However, that in itself did not reduce the activity's value as a preparation exercise for the investment project. As an awareness activity, it gave students an understanding that there are variables both domestic and international which affect market changes.

The written reports, which were never intended to be a detailed essay or explanation, summarized the investment statistics reasonably well. The quality of these reports varied significantly, however. The least developed reports (e.g.,

Appendix 4.a) merely gave a statistical table summary. For some of these groups, the brevity of the written report indicated a limited English language ability. In several cases, it showed the opposite: these groups were relying on their oral skills to explain the statistical information in depth. Those in the middle range (e.g., Appendix 4.b) added some commentary of a fairly simple (or even simplistic) form. They demonstrated a basic understanding of the task, but clearly could not give many substantive explanations of their investment choices. The most developed reports (e.g., Appendix 4.c) attempted not only to explain investments in some detail, but also included tracking information such as line graphs and tables of stock fluctuation during the investment period. In other words, they went beyond the official requirements of the task.

The oral reports that completed the project varied in their clarity and detail. Since there was a range of speaking abilities, it was decided to use a paired rather than an individual report system (written and oral). An attempt was made to encourage questions from peers following each oral report by asking students to challenge any questionable investment or statistical error. As is typical in Japan, few analytical questions came from the students. Most of the students' questions were requests for clarification or repetition, so the teacher had to provide many of the follow-up questions. All students were required to contribute to the oral reports, though in most cases it was the more language-proficient who were able to answer the questions.

Irrespective of the quality of the final reports, from the evaluation survey results (below) it is clear that less than 8 % of the students were dissatisfied with any aspect of the activity as a learning exercise. Though the greatest strength of the activity appears to be its generation of interest, the students were able to recognize that it had also aided their learning of both content and language. For many of them, it whet their appetites to study the investment system further (e.g., I want to use this experience after a grown-up a woman). Significantly, even the three students who did not find the task interesting noted that it had helped them with vocabulary or investment comprehension. Those that answered "Not very much" to the second or third question nevertheless stated that it was an interesting activity.

Simulation Evaluation Survey

* survey sample : 42 students ; 7 absentees on survey date

**percentages rounded off

1. How interesting did you find this activity?

Not very interesting	3 (7.1 %)
Interesting	14 (33.3 %)
Very interesting	25 (59.5 %)

2. How well did the activity help you to understand investments?

Not very much	3 (7.1 %)
Fairly well	29 (69.0 %)
A lot	10 (23.9 %)

3. How well did the activity help you to learn new words?

Not very much	2 (4.8 %)
Fairly well	24 (57.1 %)
A lot	16 (38.1 %)

4. What are your overall impressions of this project?

(sample comments)

- * I interested in a stock very much. If possible I want to buy a stock. Because I hit a forecast that a stock rise.
- * We knew how to read a newspaper about stocks.
- * We thought it is necessary to understand the state of the economy so as to buy stocks.
- * This project was so difficult, but I was interested in stock market. But I don't want challenge real trade.
- * This project make us learn a lot because we don't have a chance what buy stocks in real. We feel it so exciting that we get profit in stock dealing.
- * This project was interesting but it was little difficult to judge which stock would increase. But we learned that stock prices increase/decrease in short time.
- * This project is interesting. We should be careful of economic news. I have a custom to read economic news. Thank you for good project.
- * It's an interesting project for me, but at the same time, so difficult.
- * This project was my first experience to buy stock, so I think it was very interesting. But stock

market is wide, and I had no idea how to select at first. So it was difficult too. I learn many thing, for example, foreign carrencies, bonds, equities, and so on. I want to use this experience after a grown-up a woman.

- * Before I carried out this project, I didn't understand the newspaper's stock market pages perfectly. But now, I can understand how to read these pages. And I often check these pages. Although this project is "simulation", I was pleased when I gained money. When I lost money, I was disappointed.
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Conclusions

The idea for this simulation was essentially spur-of-the-moment : a reaction to the intuition that the students were a little dispirited (though still attentive). Since the course was nearing its end, most of the content had already been introduced, so it seemed to be a suitable time to try out a new teaching idea. The evaluation survey clearly supported the educational goals of stimulating interest and reinforcing vocabulary knowledge. Moreover, the final test results (unreported here) showed that most students had indeed acquired a basic understanding of the business vocabulary from the simulation list. However, considering the experimental and relatively unplanned nature of the technique - in that the teacher had no certain sense of how well these students could perform the simulation, and furthermore developed the simulation with little lead time, the results were perhaps undeservedly successful.

More careful planning, including the creation of a pre-test of vocabulary knowledge, would give a more accurate measure of vocabulary acquisition. Without such a pre-test, it cannot be claimed with certainty that the simulation was instrumental in increasing vocabulary understanding. A second problem is that there were too many homework questions on market comparisons. To limit the amount of class time for review of answers, it is recommended a maximum of fifteen questions be assigned. Alternatively, the task could be divided into two parts spread over two consecutive class periods.

In future, it would be a good idea to begin the project explanation by displaying examples of both strong and poor written reports, so that students will understand better what the task requires. In addition, a more detailed project outline accompanied by a standardized record-keeping table would have made the activity

easier for some of the students to carry out.

On the other hand, though most students found the simulation difficult, from their feedback it would appear that many of them saw this difficulty as an interesting challenge. It would seem that the simulation was complex but achievable, and hence appropriate for motivational purposes. Since it is rare for all students in a Japanese class to complete homework assignments fully and punctually, the fact that all did so in this case is indicative of the value of the activity as a learning tool.

The class which participated in this study is somewhat atypical of Japanese universities. Its students had some instrumental motivation for learning the course content, as their future work may be in overseas field development projects necessitating English communication with local personnel. Furthermore, the class was formed by means of a proficiency test for streaming purposes. Within the third year students of the Regional Development Studies department, this class comprised the upper level group (though few students could be described as advanced learners). It remains to be seen whether this simulation would be as successful for students with lower levels of English proficiency or instrumental motivation.

For students with intermediate proficiency and/or motivation to learn Business English, including those with business or economics majors, the investment simulation looks like a positive addition to the curriculum. The bottom line for a teacher is that an activity which does not interest the teacher is unlikely to interest the students either. For this trial simulation, the teacher had very positive feelings about the simulation throughout its conceptualization and implementation stages. In hindsight, it would have enlivened the activity even more if the teacher had also participated directly in the investment competition.

Appendices

Appendix 1 *Investment vocabulary list*

aggressive	long-term
balanced	loss
bond	money market
close/closing date	peg (a currency)
commodity	performance
conservative	portfolio
corporate	profit
currency	purchase
diversify	return (of an investment)
dividend	risk
equity	short-term
exchange rate	stock
fund	track (a fund)
growth	treasury bill
interest rate	unit (of a fund)
investment	value
launch (a fund)	volatile

Appendix 2 *Stock and currency market comparison questions*

STOCK MARKETS & CURRENCIES QUIZ

Stock Markets

1. Which stock market had the biggest growth recently ?
2. Why has the Indonesian market had negative growth recently ?
3. Which commodity was the best to own for the last five years ?
4. Which commodity was the worst performer for the last five years ?
5. If you were selling stocks in the past year when would you have gotten the biggest profits in most markets ?
6. Is it a good time to buy stocks now ? Why or why not ?
7. Which market has shown the strongest gains this year ?
8. Which market has given the highest dividends ?
9. Overall, has 1999 been a good or a bad year for stock investments ?

Currency Markets

1. Which currency is giving the best interest return ?
2. Which currency is giving the worst interest return ?
3. Is it a good time to buy US dollars ? Why or why not ?
4. Is it a good time to buy Euros (EU dollars) ?
5. Which four currencies appear to be the least stable against the US dollar ?
6. Which three currencies are pegged to the US dollar ?
7. Which currency has almost the same value as the US dollar ?

8. Which currency has the smallest value for one unit ?
9. What is the newest currency listed ? When was it launched ?
10. Which currency has the highest value for one unit ?
11. Why are there only ten non- Asian currencies listed ?
12. Why are some currencies listed as "new ?"
13. In which country is it best to get a loan ? Why ?
14. Is it a good time to buy Euros ? Why or why not ?
15. Is it a good time to sell yen ? Why or why not ?
16. If you opened a foredgn currency bank account in Tokyo, which major curreney would be the best ? Why ?

Appendix 3 *Investment project outline*

Investment Project

Situation : You and your partner have 500,000 yen to invest and try to make a profit. You must keep a record of

- ~ what you bought (date, fund, unit price, quantity, total cost)
- ~ what you sold or bought
- ~ value of your portfolio at the project due date

Investment Types : You may buy any of the following -

- ~ cash
 - bank savings
 - treasury bills
 - money market funds
- ~ bonds
 - government bonds
 - corporate bonds
- ~ mutual funds (equities)
- ~ stocks
 - local
 - international

Things to Consider : You need to think about these points -

1. You have a short-term investment focus. You want to get the best return as fast as possible.
2. Some investments are more risky than others. A high risk investment may give a high rate of return (profit), but it is also the most volatile (can go up or down quickly).
3. Most stock markets have been doing well recently. But there is some danger from the Y2K effect.
4. A safe investment portfolio (the set of investments you make) is usually balanced (composed of a mix of investment types) or diversified.

Records : Your investment record should look like this.

Investment Portfolio

Owners : _____

Date	Name of Investment	Unit	Price	Quantity	Total Value at Purchase	Value at Close (sale or project end)

Appendix 4 *Sample final investment reports*

a. less developed

A. Financial Report

(2000/01/18)

Deodeo

(¥) $1,072 \times 151$ (stocks) = (¥) 161,872

YAMAHA

(¥) 727×120 (stocks) = (¥) 87,240

Total

(¥) $161,872 + (¥) 87,240 + (¥) 100,070 + (¥) 100,050 = (¥) 449,232$

The Bank of TOKYO Mitsubishi

(¥) $500,000 - (¥) 449,232 = ¥50,768$

∴ We lose ¥50,768

B. Comment

1. Why you lose money ?

—Deode opened new business “Cybercity”. But we think it made the share holders faraway as they didn't expect the new business

—YAMAHA left gas business because the business had deficits over 10,000,000,000 yen. So we think YAMAHA sold stocks, so their stock decreased.

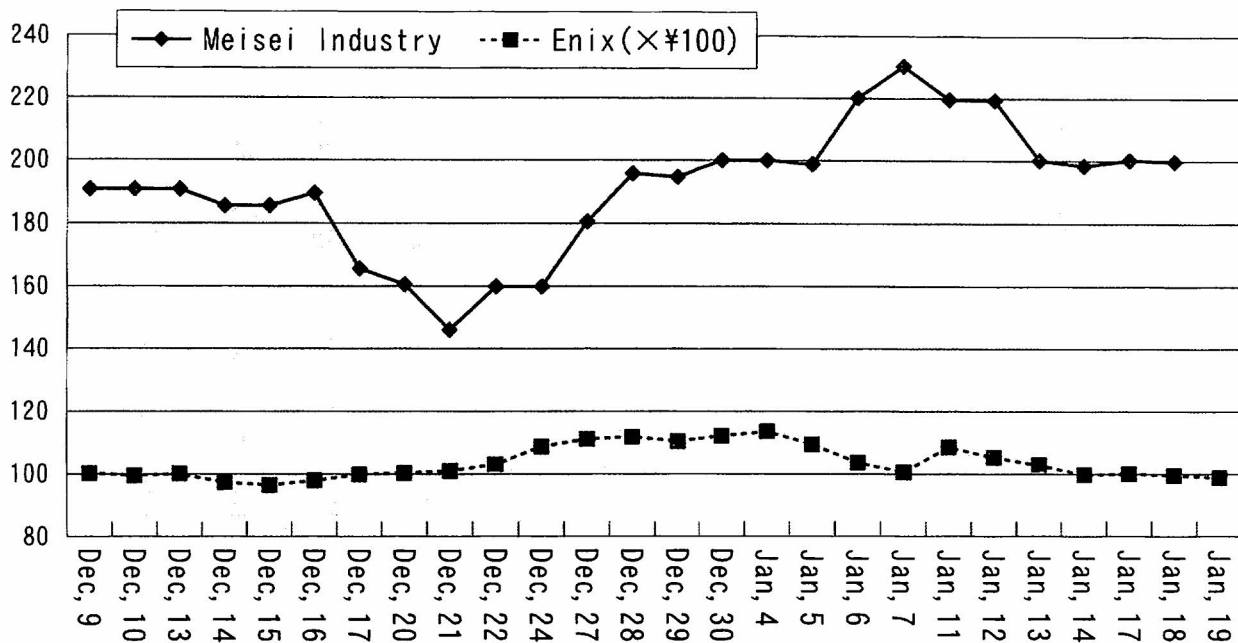
2. Project

—This project was my first experience to buy stock, so I think it was very interesting. But stock market is very wide, and I had no idea how to select at first. So it was difficult too. I learn many things, for example, foreign currencies, bonds, equities, and soon.

I want to use this experience after a grown-up woman

b. more developed

Date	Name of Investment	Unit Price	Quantity	Total Value at Purchase	Value at Close
Dec/9	Enix	¥9,510	52	¥494,320	¥520,000
Dec/14	Meisei Industry	¥185	29	¥5,355	¥5,800
Dec/9	Bank Saving (Tokyo Mitsubishi Bank)			¥125	¥125
Total				¥500,000	¥525,925
Gain (%)					¥25,925 (5.185%)



The reason why we could gain is that we knew “Enix” would release a new game soft in Dec, 29 which is very popular game in Japan and whose name is “Dragon Quest VII. Dragon Quest series always were hits. Its series. Its series had sold millions soft. So we thought its stock would rise. Although its release was postponed, its stock price did not drop. Conversely it still rose. So we did not sold.

We also bought stocks of Meisei Industry just to spend budget. We did not have special reason expect my father worked for Meisei Industry. We dare to say Meisei industry was not dangerous to invest and its stock price had been steady. The reason why we deposited was same the reason as why we invested in Meisei Industry.

C. well developed

—Investment portfolio—

Date : December.16

Name of Investment : Unit Price : Quantity : Total Value at Purchase

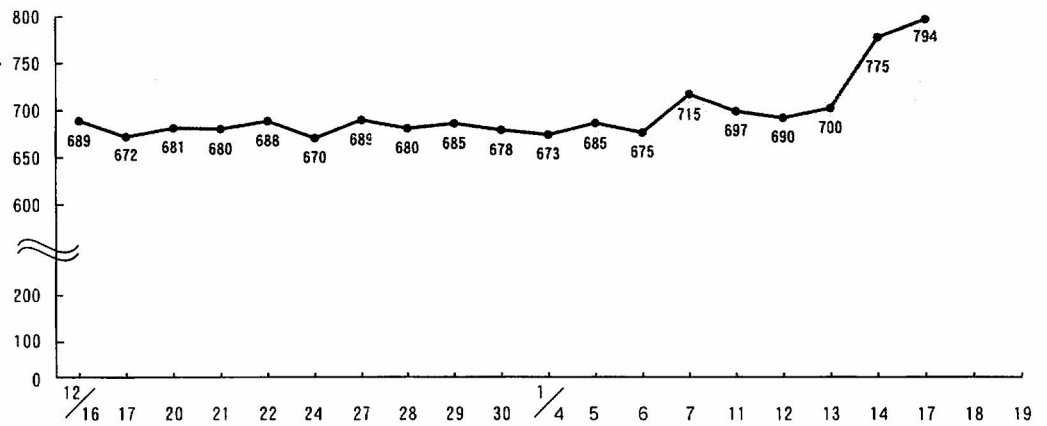
① キューピー : $689 \times 100 = 68,900$	} 489,000yen
② 三菱電機 : $630 \times 50 = 31,500$	
③ S O N Y : $19,430 \times 20 = 388,600$	

Bank savings : 11,000 yen in Asahi bank

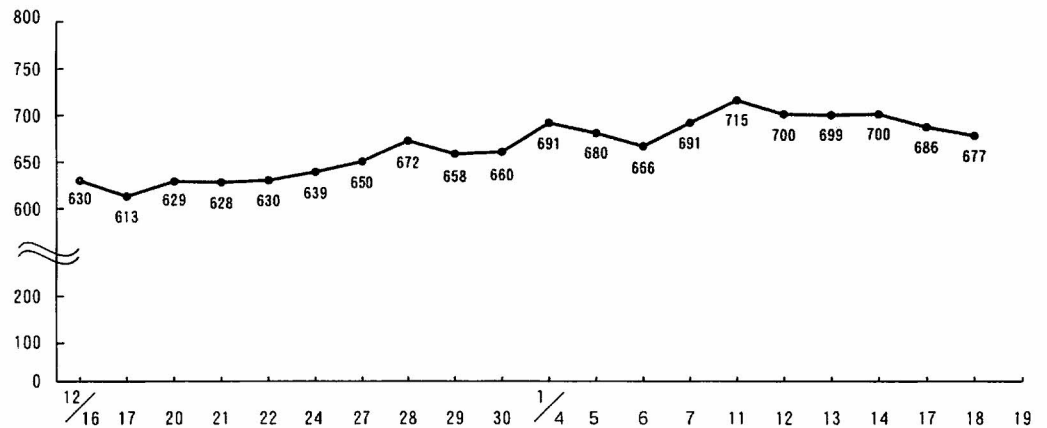
Total : 500,000 yen

A.

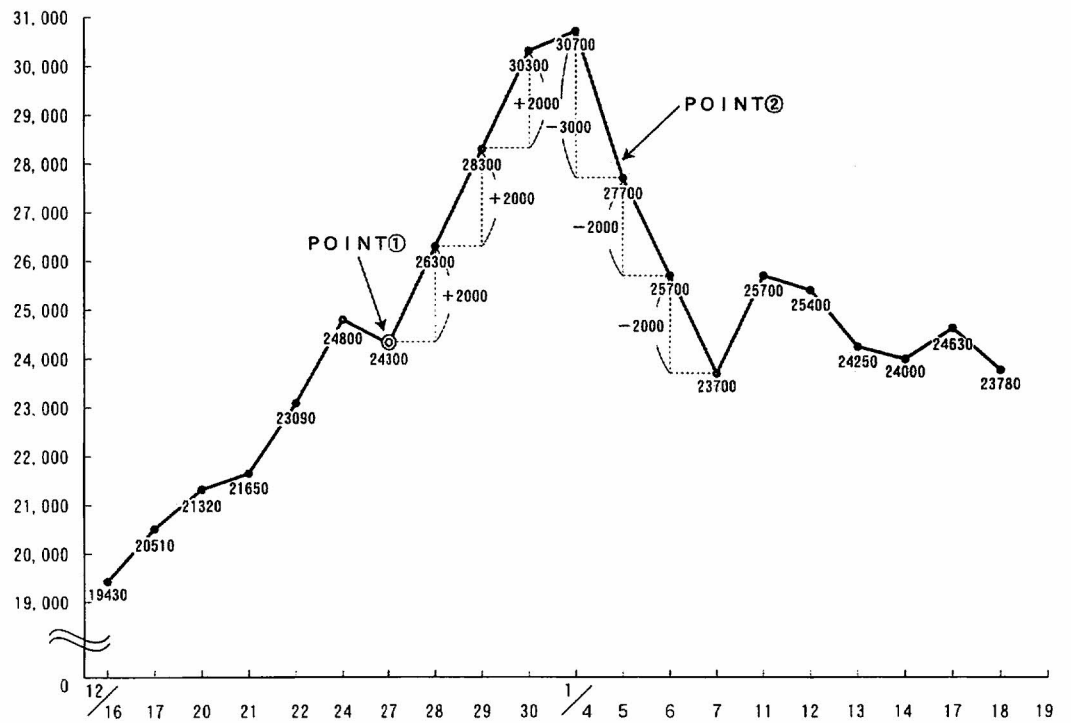
① キューピー



② 三菱電機



③ SONY



POINT ① Sony Corp. said Monday its board approved a 2- for -1 stock split. so that Many purchase order flooded the Sony's stock

POINT ② A news agency reported that the president of a Sony corp. had said a just price of stock

was two thousands. so that sell orders were increased.

• Value at Close • Date : January. 18

① キューピー : $794 \times 100 = 79,400$	} 588,850yen
② 三菱電機 : $677 \times 50 = 33,850$	
③ S O N Y : $23,780 \times 20 = 475,600$	

Bank savings : 11,000 yen in Asahi bank

Total : 599,850 yen (99,850 yen)

B. 1. Why you gain or lost money ?

I earned 87,000 yen from Sony stocks.

Stocks in the maker of Vaio note-book PCs and Wega flat-screen televisions have tripled in the last 12 months, driven by optimism that a far-reaching reorganization plan announced earlier this year and the release in March of the successor to the Play station game console will support strong earnings growth.

2.

This project give me a lot of things.

I had no knowledge of stock markets,so This project was very difficult for me. But I'm glad to take a chance to learn it. Because I think that learning stockmarkets is learning trends in world. I want to learn a stock Markets move. and Someday. I want to try to invest.