

Second Life Virtual World as a Possible Venue for an Undergraduate Capstone Course in Business

Enrico L. “Sam “ DiGiammarino, Jr.,
Kaplan University
School of Business
Carrollton, GA, USA
samdg@kaplan.edu

Abstract: Well beyond that of a new cyber place to hold traditional lecturers and classes, the virtual world of Second Life presents a rich tapestry of options for the business educator to inculcate in their students the realities of decision making in a REAL business. By leaping beyond the traditional types of capstone courses, the educator’s ability to have a team of students create and operate a REAL for-profit business in this virtual world dramatically increases the students’ ownership of the assimilative nature of capstone learning.

Introduction

Educators have long strived to create a the ideal final, or capstone, course in which students would *pull together* the knowledge gained in their business studies and that would best prepare them to enter the business world. The search to provide the students with a learning situation that, as close as possible, approximates the real world, may be over. How such a course could be structured and implemented, will be examined.

Capstone Course

Most university educators understand the undergraduate capstone course to be the culmination of the student’s academic work, in which the student draws together the disparate knowledge gained in the many courses taken in the degree program, and uses that knowledge to synthesize solutions to real world problems. It is often considered the transition from a purely academic point of view to a real world point of view.

Most business majors would be expected to understand how the management, marketing, accounting, finance, human resources and information technology topic areas come together to contribute to a successful business.

Different universities have taken a variety of approaches to designing their capstone courses. A search of some current university course catalogs indicates the following types of capstone courses:

- Case Studies;
- Directed Study;
- Independent Study;

Consulting;
Internships; and,
Simulation Software.

Each has their advantages and disadvantage and each strives to duplicate, as close as possible, real world business problems. The major disadvantage is that most of these learning vehicles lack the sense of immediacy of real business decisions.

The Ideal Capstone Course

What elements would make up a perfect capstone course? I would suggest that the student have the ability to participate, as a decision maker, in actual business decisions. The student should be able to immediately see the impact of their decisions. The student should be part of a senior management team that is comprised of the normal business specialties, management, marketing, operations, accounting, finance, human resources and information technology.

It would be especially valuable to the distance learners, if the course did not require the physicality of the real world. Recognizing the importance of personal contact, the course would let the distance learner use technology to participate in decision making, execute work activities, and produce the necessary products/services, on a 24/7 basis, without having to be physically present at a single location and at a given time. Ideally the students would be running a real business. The student management team, with appropriate Board (faculty) oversight, would have control over the assets of an actual business, including the initial capitalization.

The crucial fact of this suggestion is that the business would be real, with all the associated elements of a real business providing the chosen product/service, including the potential for success and the risk of loss. In this way, the student's assimilatory learning would be of the JUST DO IT FOR REAL variety. Furthermore, the students' grades would be dependent on the success of the business (just like their incomes and bonuses will be some day). Furthermore, just like they will experience in their careers, there is always someone in the hierarchy who will be preparing performance reviews on their contributions to the enterprise.

Unfortunately, any attempt at having students create and operate a business of their own requires significant capital outlays and significant time commitments. In addition, it also requires investors who will trust their precious capital to untried students who can only work part time on the project. With such insurmountable difficulties, how can the business world best be approximated?

Perhaps the most effective venue may well be Linden Lab's Second Life virtual world.

Second Life

Second Life (SL) is an internet based, three dimensional, virtual world with more than 6 million registered users. According to the creators at Linden Labs, at any given time

there can be 20 - 50 thousand people simultaneously on line, with over a million on line participants in a 60 day period. Each person creates a digital expression of themselves, called an avatar. In the persona of this avatar, the person can move about the virtual world, interact with others, and visit virtual businesses, academic institutions, private homes, and other facilities constructed by the occupants of Second Life. Individuals and organizations can “purchase” virtual land, construct virtual buildings and conduct virtual business, using virtual money, *Linden dollars* (L\$), which can be exchanged for real U.S. dollar currency. (Second Life, what is, 2007)

Two elements that make the Second Life virtual world an interesting simulation of the real world are first, the ability of the residents to OWN virtual land and virtual things in the Second Life world, and second the ability of residents to CREATE virtual things and then SELL them to others. For example, I, through my in-world avatar, have rented a virtual office (figure 1) and purchased a Fedora hat for my avatar to wear and a Christmas tree to decorate my office for the holidays (figure 2). These purchases were made at in-



Figure 1. Second Life Office



Figure 2. Avatar with hat and decorated holiday tree

world virtual stores. Just as in the real world, the exchange rate between Linden dollars L\$ and US dollars fluctuates based on supply and demand for the two currencies. An example exchange rate might be nearly L\$300 to each \$1. Thus we have the basis for virtual businesses that provide virtual services/products to in-world residents.

Second Life as a Surrogate for the Real World Business

How does the virtual world of Second Life compare with the real world for a place to explore business activity? The first question to ask is what is required to do business? The first requirement is a population of sufficient quantity and with enough of the population having sufficient excess resources (money) to afford purchases and with a penchant for demanding consumer products and services. Given the population, the next requirement would be entrepreneurs who can sense the pent up demand, visualize products and services that could meet that demand, and the resources/ability to create the product/service at a cost within the inherent price elasticity range of that demand. The third component is a viable market place, involving a means of communicating the availability of such products/services to the population and the ability to easily execute the transactions.

In the real world, these requirements are met by populations in the developed countries that have the excess resources to demand consumer goods well beyond the level of necessities. At the same time, there are entrepreneurs of all levels who see the demand, and are willing to commit capital to develop the businesses to make the products and services, and organize to fill that demand. The combination of communications and reliably stable currencies greases the skids of commerce and permits business as we know it.

How does the Second Life measure up in these three areas? The population of about 30 to 50 thousand active in-world at any given time establishes a reasonable amount of people. More importantly, the active residents have disposable income and are used to purchasing luxury consumer goods. The entrepreneurial spirit is exhibited by the wide spread thriving economy. An enterprising person can bring that same entrepreneurial sense to Second Life, if they can recognize an unfulfilled need and design a cost effective solution to fill that need. The final element of a viable market place is further stimulated by the fact that residents who amass large amounts of Linden dollars can convert them to US dollars at a free market exchange rate. The three crucial elements exist in Second Life in a robust manner that encourages a thriving business ethic.

Additionally, Second Life has several other advantages over the real world for nascent business enterprises.

1. Start-up costs are minimal. For instance, one can currently purchase a Second Life island for an initial outlay of approximately \$1,800 and a small monthly fee.
2. Construction of virtual facilities is free. On the island, the owner is free to build, or purchase, virtual offices/facilities on the island. The construction techniques utilize an, open source scripting language that is free to residents.
3. Second Life is active 24/7. People can interact within Second Life at their convenience. Since access is internet based, geographical limitations and, in many cases, time constraints are not of concern.

These characteristics make the SL virtual world worth considering as a rich learning venue.

Course Structure

A group of the best advanced students would be enrolled in this honors capstone course, with applicants being interviewed and 'hired' by the Chairperson of the Board of Directors (the faculty coordinator). The group would include students from the following undergraduate specialties: management, marketing, operations, accounting, finance, human resources, and information technology, and would comprise no more than 14 class members (2 from each specialty). The university would provide an in-world office facility for the students. The students would organize themselves into the relative departments, with a VP of each department and a department assistant VP, just as in a real world business. The students would have regular staff meetings, chaired by the CEO

(management major). The CEO and VP's would report regularly to a Board of Directors made up of a faculty member from each department. The first post organizational activity would be to research and decide on a product or service that would be offered in SL. Next they would determine what facilities would be required and how the product would be designed, produced and marketed. The accounting people would produce appropriate accounting reports. The finance people would monitor the organization's finances and seek the best short term investment vehicles for the idle capital. The business would have an initial capitalization from a small activity fee for the course, similar to a lab fee that would be converted to Linden dollars and combined from all of the students into the business' account. The IT people could help the operations people with the necessary scripting and creation of the in-world products/services. The HR people would develop job descriptions and compensation packages for each position, along with employee evaluation forms and would deal with normal personnel issues.

The overall objective would be for each student to take part in the day-to-day decision making of a real business. Sub-objectives would relate to how well each student contributed the services of their specialty to the overall goal of the business. As in any business, student evaluations would primarily rest on the profitability of the business, their department's meeting of objectives, and employee evaluations. As a separate academic grading requirement, each student could submit a written evaluation of the learning value of the course.

At the end of the course, the business will either be dissolved, or if viable, may be sold in-world.

Objectives

A traditional syllabus would not be appropriate for such a free structured course, therefore a list of objectives that the *Board of Directors* (faculty) would establish for the management team would replace this essential document. The following might be some sample objectives:

1. Create a profitable Second Life business
2. Create and implement a business plan that will make maximum efficient use of limited corporate assets and resources, while generating the highest long term rate of return.
3. Create and implement a marketing plan that utilizes sophisticated market research to define a target market, the ideal product/service to fill the market needs, and determine the best way to optimize sales and profitability.
4. Create and implement an operations plan that will design and efficiently manufacture the appropriate product/service
5. Implement an accounting system that timely reports and accurately portrays the financial position of the firm, to the same level as that of a publically traded corporation.
6. Establish normal management and supporting activities to carry on the day-to-day functions of the business. Examples would include defining staff responsibilities, compensation and incentive programs, employee evaluations,

- recruiting and hiring, maintain necessary information reporting systems, and other activities as necessary to meet the goals of the business.
7. Regularly report the status of operations to the Board of Directors (faculty) and submit proposals for major initiatives, prior to implementation.

Expected Outcomes

Some sample expected outcomes for this course could include the students':

1. Understanding how to bring together knowledge gained in a variety of educational courses to synthesize solutions to real business problems.
2. Understanding how to work together with members of other disciplines to achieve common goals.
3. Having a visceral understanding of the importance of the profit motive in the business world.
4. Learning to make significant contributions to organizational goals.

Conclusion

In any learning situation, information that is read is imprinted in the learner in a certain way, but information that is also simultaneously heard and seen is doubly imprinted. If the information can also be verified by the student's direct manipulation of the learning vehicle, then the imprinting of the knowledge is dramatically increased. If the manipulation requires the student to synthesize prior knowledge in novel ways to adequately explore the new knowledge, then the student is most likely to make the knowledge 'their own'. Second Life permits the business educator to create such a well-structured immersive teaching tool in which the student assists in making their own learning in a way that will move the student toward the higher orders of learning that Bloom's Taxonomy discusses (Bloom & Kratwohl, 1956).

A virtual world, like Second Life, presents technologies that offer innovative teachers novel ways of delivering education to distance learner students. By taking advantage of these unique capabilities, the creative educator can provide a much more lifelike learning situation that can fully involve the student, and maximize their learning. In this way, the objectives of a robust capstone course in business can best be achieved.

References

- Bloom, B. S., & Kratwohl, D. R. (1956). *Taxonomy of educational objectives: The classification of educational goals, by a committee of college and university examiners. Handbook* . New York: Longmans.
- Capella University 2007-2008 Undergraduate Course Descriptions. Retrieved January 3, 2008, from http://community.elearners.com/files/folders/capella_university/entry6848.aspx
- Curtin Business School Capstone Unit. Australia: Retrieved January 4, 2008, from <http://cbs.curtin.edu.au/business/current-students/unit-and-course-information/business-capstone-unit>

TCC 2008 Proceedings

- .Dempsey, D. G. (2002, August). *Capstone Project Evaluation Relative to Professional Level*. Dr. Dempsey's personal homepage. Retrieved January 4, 2008, from <http://cegt201.bradley.edu/~gld/>
- Georgia State University, (2007), Undergraduate Course Catalog, 2007-2008.*
- Kaplan Univeristy, (2007) Undergraduate Course Catalog*
- Management Simulations, Inc., (2007). Retrieved January 5, 2008, from http://www.capsim.com/visiting_profs/undergraduate_education/index.cfm?menu_type=undergraduate&header_type=prof,
- Moore, R. C. (2005). The Capstone Course. *Assessing Media Education: A Resource for Educators and Administrators*,. Retrieved January 6, 2008, from http://users.etown.edu/m/moorerc/ch21capstone_course_91704.htm,
- Murphy, Patricia D. (2004). Capstone Experience. *Agnus Scott College Conference on Capstone Course Design*. Atlanta, GA. Retrieved January 7, 2008, from <http://www.ndsu.edu/accreditation/assessment/documents/CapstoneExperience.pdf>, January 2008.
- Northwestern University,(2007). Industrial Engineering & Management Sciences Course Descriptio*. Retrieved January 4, 2008, from <http://www.iems.northwestern.edu/content/courses.asp>.
- PA, C. (2007). *PA Consulting, Inc*. Retrieved January 5, 2008from http://www.paconsulting.com/aboutus/pain_second_life.htm,
- Penn State University, (2006), Smeal College of Business Capstone Course Description*. Retireved January 6, 2008 from <http://www.smeal.psu.edu/news/latest-news/archive/nov06.html>
- What is second life? (2007). *Second Life Website*. Retrieved January 6, 2008, from <http://secondlife.com/whatis/>
- Second Life marketplace. (2007). *Second Life Website*. Retrieved January 6, 2008, from <http://secondlife.com/whatis/marketplace.php>
- Wagenaar, T. C. (1993, July). The capstone course. *Teaching Sociology*.