

Topic:

Innovative Approaches to Teaching Managerial Finance



Track: **Educational Innovations, Theoretical**

Author: **Mr. Gedeon Tumong**

School: **HIM Business School, Montreux , Switzerland**

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1. Abstract

Hospitality Managerial Finance is a critical component of hospitality education, providing learners with skills to make well-informed decisions. Traditional teaching methods, however, often fall short in engaging learners and promoting deep learning. This paper showcases the integration of instructional humor - based teaching methods to enhance engagement especially for students with short attention span and who struggle with numbers. Relying less on abstract concepts and numerical data, educators can create a more inclusive and effective learning environment by leveraging humor. This writing explores innovative approaches to teaching Hospitality managerial finance, drawing inspiration from peer-reviewed literature and my experience over the past twenty years.

2. Introduction

Hospitality managerial finance is a complex and dynamic field, requiring students to develop an array of skills, from financial analysis to decision making (Bharwani and Talbott, 2018). Topics in Time Value of Money like compounding or discounting annuities and perpetuities, evaluating capital projects using Net Present Value or Internal Rate of Return, computing the cost of capital using Capital Asset Pricing Model or weighted Average Cost of Capital, computing Risk & Return on a portfolio using beta coefficients and the Sharpe ratio, valuing stocks using Dividend Discount model, creating pro forma statements to do financial forecasting and planning, gauging working capital requirements using cash conversion cycle are some of those topics that appear to be rocket science to most students. Compounded by the fact that attention span of our students is increasingly getting shorter.

Generation Z represents the new wave of college applicants. Gen Z are tech savvy, super connected and they are generally considered the 1st generation of digital natives. According to a survey carried out by psychologist, Dr. Gloria Mark¹, the average attention span of Americans is currently only 47 seconds. A study² conducted by Microsoft in 2015 concluded that the average attention span of a Gen Z individual is only about 8 seconds,

¹ <https://vnhsmirror.com/224754/opinion-comment/gen-zs-shrinking-attention-span/>

² <https://www.keg.com/news/the-first-8-seconds-capturing-the-attention-of-gen-z-students>

which represent fifty percent less than that of millennials. These studies collectively underscore the need to adapt educational environments to accommodate this attention deficit of our Gen Z students. To add insult to injury, an increasing number of my students exhibit anxiety with managerial finance. Studies prove that math anxiety is a prevalent issue around the world. Take the US for instance, where studies have found that almost 65% of Americans experience some level of anxiety with math related courses³. Estimates also suggest that about twenty percent of students at four-year degree colleges and around eighty percent at community colleges experience moderate to very high levels of math anxiety⁴. Traditional teaching methods like lectures and textbook-based learning can be effective but they often fail to engage students and promote deep-learning (Knechel, 2016). Innovative approaches to teaching managerial finance are needed to fully prepare students for the challenges of the industry. Plenty of studies aimed at fully engaging Gen Zs have been conducted. These studies propose using techniques varying from Gamification of learning, storytelling, multisensory learning techniques, micro-learning with bite-size lesson plans, flipped classroom model, employing augmented and virtual reality tools to peer-to- peer teaching and group based learning. The model which resonates with my personality, and which appears to have plenty of success in my more than two decades of teaching is using instructional humor.

3. The Role of Humor in Education

At the Harvard Business school, they came to this conclusion a few years ago that in the 21st century, all selling will be relationship selling. All success in business will be based on relationships. Brian Tracey ⁵ on relationship selling postulates that “your very best customers are the people that you like, and the ones who like you. 85% of recommendations and referrals will come from people who like you and people who feel good about you”. In politics, the people who win elections are those that voters feel they can sit and have lunch with. In other words, those they like. What this implies is that if we focus on the relationship, student engagement will be enhanced. In education, like in

³ https://www.prodigygame.com/main-en/blog/math-anxiety-in-america/?utm_source=chatgpt.com

⁴ https://www.aft.org/ae/summer2014/beilock_willingham?utm_source=chatgpt.com

⁵ https://www.briantracy.com/blog/sales-success/relationship-selling-3-keys-to-customer-loyalty-customer-satisfaction/?srsltid=AfmBOorvX9X4SsExL_NgVyhblv8cZMw7V9x1IVG5gHLLde26kvFA9TyP

sales, we are selling an idea, a method, a way of approaching and solving problems. We are selling the idea of critical thinking to our students. Do we want students to be highly engaged? Well, we need to forge a good relationship with them first. We need to be likeable. One effective way of forging good teacher-student relationship is the use of humor, instructional humor.

In their seminal work, Instructional Humor Processing Theory, Wanzer et al (2000) define instructional humor as intentional, appropriate and relevant humor that is used by teachers to enhance the learning experience, increase engagement and boost classroom atmosphere. It is a cogent pedagogical tool used to mitigate anxiety, enhance retention, foster teacher-student rapport and encourage participation. Instructional Humor Processing Theory (IHPT) argues that humor facilitates learning only when it is relevant to the course learning outcome, when it is processed by students as not aggressive and when the target audience is receptive.

In contrast to relevant instructional humor, the educator will be well advised to refrain from humor that may negatively affect engagement. Making jokes about a student's mistake or using sarcasm to underscore underperformance might be construed as aggressive humor. In addition, a joke reinforcing gender stereotypes in a managerial finance class might create a hostile learning environment. The following table summarizes various types of humor and their likely effect on students' engagement:

Humor type	Effect on learners	Suitability
Instructional	Enhances engagement, reduces anxiety	Highly suitable
Aggressive	Engenders fear	unsuitable
Disparaging	Harms inclusivity	unsuitable
Self-deprecating	Builds rapport but may reduce credibility	Use in moderation
Off-topic	Distracts students	Use with caution

Humor has been recognized as a powerful educational tool that can reduce anxiety, increase motivation and augment information retention. Wanzer et al. (2005) postulate that instructional humor can create a positive classroom environment and facilitate

learning by making content more memorable. “Laughing All the way to the Bank”⁶ showcases Penn State university, where the use of sitcoms allowed humor to lighten what could have been a taboo subject. For the more than two decades that I have been a professor of finance, I have observed that an increasingly larger number of students are numbers averse. These students only take finance because they must, not because they are motivated to. They begin the course almost confident that they are going to fail it. Yes, managerial finance is like a taboo course to the very many. There are certainly several strategies that could help alleviate anxiety and fear of Management Finance course but what has proven a formidable tool for me is the use of humor in class. Peer reviewed literature seem to support this view as well.

Ambady, N., & Rosenthal. (1993) suggest that students’ evaluations of teachers is contingent on likeability. Similarly, likeability and warmth were associated with increased student engagement and motivation as postulated by Babad,E.Y(1993). Furthermore Patrick, et al (2000) proposed that teachers’ enthusiasm and likeability were associated with increased student intrinsic motivation and engagement.

4. Applications of Instructional Humor in Managerial Finance Teaching

4.1. Operations Budgeting

Bearing in mind that an increasing number of students have a fear of numbers and compounded by the fact that they have relatively short attention spans, these are some humor techniques my colleagues and I use to engage our students in our finance classes. To approach creating an operations budget for instance, I used the 1984 pilot episode of the Cosby Show, where Dr. Cliff Huxtable (Bill Cosby) takes monopoly money from his son’s table to teach him a life lesson of budgeting with \$250 a week as a “regular” person. That funny episode helped Theo (Malcolm-Jamal) understand that even though \$250 / week seem to be ok money back in the days, but the cost associated in deriving that income, plus Theo’s personal expenses would leave him with absolutely nothing at the end of the period. This helped students to draw parallels with preparing an operations budget for a hotel.

⁶ https://quod.lib.umich.edu/t/ticker/16481003.0004.103/--laughing-all-the-way-to-the-bank-using-television-clips?rgn=main;view=fulltext&utm_source=chatgpt.com

4.2. Financial ratios

Once I brought some doughnuts with different flavors to class and challenged students to a blind test. Whoever gets the correct flavor eats the doughnuts. Then I said imagine that you like the doughnuts so much that you want to start a selling doughnut but first you go to the doughnut shop across the street to find out whether they are making a profit. You won't just look at how many doughnuts were sold would you? You would want to know how much it costs to make one doughnut and how much revenue each doughnut generates. In essence that's what financial ratios do, they help us understand a company's performance by looking at the relationships between different numbers. Apparently, the doughnut analogy for understanding financial ratios worked.

4.3. Risk management

Some students are well versed with the rules in a casino, especially with poker rules. We would do a little poker game in class with silly prizes then I would point out that risk management is like playing poker. You need to comprehend the odds, hedge your bets and know when to fold. In finance, we use tools like diversification and hedging to manage risks just like a poker player manages their bets to mitigate losses.

4.4. Time value of money

Most students have either heard or seen superhero movies like spiderman, iron man, superman, batman, wolverine etc. I would have students relate their Favorite superhero movie and ask them what common characteristics do the superheroes have. To which they said, they have superpowers to move back and forth in time. I then said, well time value of money is like having superpowers. Imagine you are superman, and you can travel through time. If you invest \$1000 today, it's like sending that money back in time to grow and accumulate interest. By the time you need it in the future, it would have grown into a much bigger amount, just like superman's powers grow stronger over time.

4.5. Financial Statements

Students in most hospitality schools plan and deliver events. Sometimes these students do the cooking as well. We would joke sometimes about how some students messed up the food because the ingredients or the timing weren't right. I use that analogy sometimes and urge students to think of financial statements like a recipe. One has different ingredients (asset, liabilities, equity, revenues, expenses), and one needs to mix them together in the right proportions to get a delicious outcome (or profit) just like a chef needs to adjust the seasoning to get the flavor right, a financial analyst needs to adjust numbers to get a clear picture of a company's financial performance.

There are times when we have used funny Simpsons cartoons to economic policies and how inflation for instance impacts pricing strategies. My colleague, who shares similar outlook as me, is a great bass and guitar player. He plays funny music sometimes before starting his classes to make the atmosphere more relaxed.

These examples illustrate how humor, when well-managed, can be used to make complex finance concepts more engaging, relatable and memorable to students who are numbers averse and who have short attention span.

5. Conclusion

At a time when attention spans are shrinking and numerical anxiety runs high, especially amongst Gen Z university students, traditional methods of teaching managerial finance may no longer be adequate. This writing has highlighted the transformational potential of instructional humor as a pedagogical tool to bridge the gap between content complexity and students' receptiveness.

When diligently applied, instructional humor serves as a cognitive and emotional portal: it reduces anxiety, retains fleeting attention, simplifies difficult concepts and humanizes abstract managerial financial topics. In particular, the use of humor relevant to course material- such as excerpts from sitcoms, cartoons, financial memes- can significantly enhance students' motivation, engagement and retention for numbers averse students, humor can demystify intimidating concepts like Net Present Value (NPV) or weighted

Average Cost of Capital (WACC), creating a classroom environment that is both welcoming and intellectually stimulating.

However, leveraging humor effectively in a multicultural and diverse classroom comes with massive challenges. Humor is deeply rooted in language, culture and social constructs, meaning that what is amusing to one group may be misconstrued - or even offensive- to another. This requires cultural awareness, inclusive design and ongoing feedback to ensure that humor used in class builds connections. Furthermore, over reliance on humor, or humor that deviates from learning objectives risks trivializing the content and diluting educational outcomes.

Instructional humor is not a magic wand but a valuable pedagogical tool when aligned with well-structured content, empathetic teaching, and a clear understanding of learners' needs. When deployed with care and inclusivity, it can transform the teaching of managerial finance from a dreaded numbers game into an engaging and memorable learning journey.

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