

Business Simulation as Experiential Learning: Assessing Its Impact on Students' Employability Readiness and Learning Outcomes in Retail Management Education

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Abstract:

This study investigates the impact of business simulation participation on students' employability and learning outcomes in the Diploma in Retail Management programme. The research applies a quantitative descriptive design involving 70 students from two cohorts who actively participated in a semester-long retail simulation practical. Data were collected using a structured questionnaire consisting of five key constructs: knowledge, practical skills, soft skills, values and professionalism, and employability readiness. Descriptive and inferential analysis were conducted using SPSS to examine the relationships between simulation engagement and student outcomes. Findings reveal that simulation-based learning significantly enhances students' practical understanding, problem-solving ability, teamwork, and confidence in retail operations. Regression results showed that Values & Professionalism ($\beta = 0.672$, $p < .001$) and Soft Skills ($\beta = 0.317$, $p < .05$) were the strongest predictors of employability readiness. The study provides evidence that simulation activities serve as an effective experiential learning tool, aligning academic outcomes with industry expectations.

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INTRODUCTION

Experiential learning has become increasingly important in higher education as a means of enhancing students' competencies and readiness for employment (Ahmad & Ismail, 2022). Business simulation, as an active learning approach, serves as a bridge between classroom theories and real-world business practices by allowing students to participate in risk-free decision-making, marketing activities, and business operations (Tan & Low, 2023). In line with the Malaysian Qualifications Framework (MQF, 2019), which emphasises holistic graduate development including technical skills, values, and professionalism, the Diploma in Retail Management programme integrates simulation-based learning to strengthen students' skills in retail operations such as customer service, merchandising, inventory control, and sales promotion.

Despite the widespread use of simulation within Malaysian polytechnic education, there remains a limited number of empirical studies measuring its effectiveness in shaping employability outcomes, especially within the field of retail management. Therefore, this study aims to evaluate the level of knowledge, practical skills, soft skills, and values development among students after participating in business simulation activities. Additionally, the study examines how simulation-based learning influences their employability readiness and identifies the key experiential learning components that most strongly contribute to preparing graduates for careers in the retail industry.

LITERATURE REVIEW

Experiential Learning and Business Simulation

Experiential learning is an educational approach that emphasises learning through the reflection on actions (Kolb, 2015). In higher education, simulation-based learning is regarded as a crucial method for translating theoretical concepts into practical application (Faria et al., 2020). Simulations provide a controlled environment for students in business and retail education to participate in decision making, problem solving, and strategic thinking, thereby reducing the risk of real financial loss (Tan & Low, 2023).

Ahmad and Ismail (2022) say that business simulation is not just a way to teach, but a real learning experience that helps people understand things better and learn on their own. Simulations improve motivation and encourage critical thinking by putting students in real life business situations. This gets them ready for difficult and changing challenges in the industry.

Business Simulation and Employability Readiness

Graduate employability has become a crucial indicator of the quality of higher education (Clarke, 2018). Employers seek graduates possessing skills beyond mere technical proficiency. Employers seek graduates possessing soft skills and values such as communication, teamwork, leadership, and professional integrity (Nurul Huda & Khalid, 2021). Business simulation provides students the opportunity to acquire these skills through practical engagement and collaboration with peers.

Tan and Low (2023) highlighted that simulation-based learning significantly enhances transferable skills, thereby bridging classroom education with practical application. Similarly, a study by Zainuddin et al. (2020) demonstrated that participation in structured simulations enhances professionalism, ethical decision-making, and accountability crucial elements of employability readiness in Malaysia's retail industry.

The Malaysian Context and *Kemenjadian Pelajar*

The Malaysian Qualifications Framework (MQF, 2019) stresses the idea of *kemenjadian pelajar*, or holistic student development, in Malaysia. The framework describes eight areas of learning outcomes, such as knowledge, practical skills, communication with others, professionalism, and values. Simulation based learning is very similar to these areas because it encourages hands-on learning, reflective practice, and working together as a team, all of which help students achieve holistic graduate outcomes (Malaysian Qualifications Agency, 2019).

Within the polytechnic and TVET framework, simulation is perceived as a mechanism to actualise Pendidikan Tinggi 4.0, promoting innovation, adaptability, and employment preparedness among students (Ahmad & Ismail, 2022).

Research Gap

While many studies have validated the advantages of simulation in improving learning engagement, limited research has investigated its direct correlation with employability readiness in the context of Malaysian retail education. This study examines the impact of business simulation participation on the knowledge, skills, values, and employability readiness of Diploma in Retail Management students

RESEARCH METHODOLOGY

This research adopts a quantitative descriptive approach using a cross-sectional survey design. A total of 70 students from Semester 4 and Semester 5 of the Diploma in Retail Management program participated in this study. Data were collected through a validated structured questionnaire adapted from previous experiential learning studies. The questionnaire utilized a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

Data analysis was conducted using SPSS Version 29 and involved several statistical procedures aligned with the study objectives. Descriptive statistics (mean and standard deviation) were used to examine students' perceptions of simulation-based learning. Pearson correlation analysis was performed to assess the relationships between the key constructs, while multiple regression analysis was conducted to identify the strongest predictors of employability readiness. These analyses were selected to ensure clear interpretation of the relationships between simulation participation and student outcomes.

RESULTS AND DISCUSSION

Overview of Data Analysis

A total of 70 valid responses were analysed; respondents were Diploma in Retail Management students who participated in the semester-long business simulation practical. Data analysis was conducted using SPSS Version 29, involving reliability testing, descriptive statistics, correlation, and regression analysis.

Reliability Analysis

The reliability analysis ensures that all questionnaire items are internally consistent. Without reliability, all later analysis (means, correlation, regression) could be misleading. Table 1 presents the Cronbach's alpha values for all constructs. All scales exceeded the acceptable threshold of $\alpha > 0.80$, indicating excellent internal consistency and reliability across all measured constructs. The overall instrument achieved a Cronbach's alpha of 0.968, signifying very high internal reliability.

Table 1: Reliability Coefficients for Each Construct

Construct	Items	Cronbach's α
Knowledge	K1–K5	0.829
Practical Skills	P1–P5	0.849
Soft Skills	S1–S5	0.862
Values & Professionalism	V1–V5	0.929
Employability Readiness	E1–E5	0.911
Overall (All Items)	—	0.968

These results demonstrate that the questionnaire items were highly reliable in measuring students' perceptions toward business simulation participation and its effects on employability outcomes.

Descriptive Analysis

Descriptive statistics were computed to examine the overall perception of students toward the impact of business simulation. As shown in Table 2, all constructs recorded mean scores above 4.30 on a 5-point Likert scale, reflecting a high level of agreement among respondents

Table 2: Descriptive Statistics for Main Constructs (N = 70)

Construct	Mean	SD	Interpretation
Knowledge	4.46	0.79	High
Practical Skills	4.35	0.80	High
Soft Skills	4.43	0.76	High
Values & Professionalism	4.59	0.73	High
Employability Readiness	4.52	0.79	High
Overall Mean	4.47	0.71	High

The results show that the highest-rated construct was "Values & Professionalism" ($M = 4.59$, $SD = 0.73$), followed closely by "Employability Readiness" ($M = 4.52$, $SD = 0.79$). This suggests that students perceived the simulation not only as a practical exercise but also as an opportunity to cultivate professional ethics, teamwork, and responsibility, essential traits for employability in the retail sector.

Correlation Analysis

Pearson correlation analysis was conducted to identify the strength and direction of relationships between key constructs. All variables demonstrated strong, positive, and significant correlations with Employability Readiness, as illustrated in Table 3.

Table 3: Correlations between Constructs

Construct	r (Employability Readiness)	Strength
Knowledge	0.701	Moderate–Strong
Practical Skills	0.794	Strong
Soft Skills	0.867	Strong
Values & Professionalism	0.900	Very Strong

These findings suggest that improvements in practical skills, soft skills, and values and professionalism-based competencies are strongly linked to students perceived readiness for employment. The results are consistent with prior research by Tan and Low (2023), who emphasised that simulation-based learning enhances transferable skills such as teamwork, adaptability, and ethical conduct — all crucial for employability in modern retail contexts.

Regression Analysis

To further identify the strongest predictors of employability readiness, a multiple regression analysis was conducted with Employability Readiness as the dependent variable and the other four constructs as predictors.

The model yielded a coefficient of determination of $R^2 = 0.838$, indicating that 83.8 percent of the variance in employability readiness could be explained by the four predictors collectively.

Table 4: Multiple Regression Analysis on Employability Readiness

Predictor	β	p-value	Significance
Knowledge	-0.065	0.437	Not significant
Practical Skills	0.072	0.499	Not significant
Soft Skills	0.317	0.021	Significant
Values & Professionalism	0.672	<0.001	Highly Significant

The results indicate that Values & Professionalism ($\beta = 0.672$, $p < 0.001$) and Soft Skills ($\beta = 0.317$, $p = 0.021$) emerged as the two most significant predictors of employability readiness. This implies that

students who developed higher professional values, ethics, and interpersonal capabilities through simulation activities were more confident in their employability and industry readiness.

These findings reaffirm the importance of integrating affective and interpersonal learning outcomes, not merely technical knowledge, within retail education programs. The outcomes support Ahmad and Ismail (2022), who asserted that simulation learning enhances students' sense of responsibility, integrity, and collaboration, which are crucial determinants of graduate employability.

CONCLUSION

This study investigated the effect of participation in business simulations on the employability and learning outcomes of Diploma in Retail Management students. The results indicated that simulation-based learning is an effective experiential method that markedly improves students' soft skills, professional values, and readiness for employment.

Reliability and correlation analysis confirmed strong internal consistency and positive associations across all constructs. Regression results further identified Values & Professionalism and Soft Skills as the strongest predictors of employability readiness, demonstrating that behavioural and interpersonal competencies are equally, if not more, critical than technical knowledge in preparing students for the retail industry.

These findings provide empirical evidence that business simulations not only develop technical competence but also shape students' ethical conduct, teamwork, and communication. These are core attributes that align with the Malaysian Qualifications Framework (MQF, 2019) and national TVET aspirations for holistic graduate outcomes.

In conclusion, business simulation should be recognised as a strategic pedagogical tool that bridges theory and practice, supporting the formation of confident, ethical, and industry-ready retail graduates.

RECOMMENDATIONS FOR FUTURE RESEARCH

This study is limited by its relatively small sample size and single institutional setting, which may restrict the generalizability of the findings to other programmes or higher education institutions. While the results offer strong empirical evidence within the context of Malaysian polytechnic retail education, they should be interpreted as context-specific rather than universally applicable. Future studies involving larger, multi-institutional samples would strengthen the external validity of these findings.

Furthermore, qualitative follow-up interviews could enhance comprehension of students' behavioural and emotional reactions during simulations, yielding profound insights into learning motivation and attitude transformation.

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