USING COMPUTER-BASED SIMULATION EXERCISES TO TEACH BUSINESS ETHICS

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ABSTRACT. This paper discusses how to introduce ethical dilemmas into computer-based business simulation exercise to teach business ethics. Simulations have an inherent advantage over other pedagogies for teaching ethics because simulations provide students with both an intellectual and a behavioral exposure to the topic. Issues addressed include considerations before writing ethical dilemmas, the writing of ethical dilemmas, and process issues for introducing ethical dilemmas. An example is developed and discussed. Through the process described, instructors can better prepare students for a lifetime of tough business decisions.

KEY WORDS: business, computer, ethics, experiential, simulation, teaching

INTRODUCTION

Managers frequently confront tough business decisions that involve ethical issues. Sometimes the ethical choice is also the profit maximizing choice. But some of the toughest decisions involve situations where the manager has to choose between profit maximization or ethical conduct. The challenge that business instructors face is to prepare students for this challenging reality. While there are many ways to do this, this paper discusses introducing ethical dilemmas into computer-based business simulation exercises.

In particular, this paper discusses the need to teach business ethics, whether ethics can be taught, the nature of computer-based business simulations, why simulations should be used to teach business ethics, issues that need to be considered before writing ethical dilemmas, the construction of ethical dilemmas, and processes issues involved in the introduction of ethical dilemmas into the simulation exercise. An example of an ethical dilemma for use in a computer-based business simulation is also provided.

WHY TRY TO TEACH ETHICS?

The ethical practices of people in business is a subject of considerable concern (Bird and Waters, 1989; Hanson, 1985). This attention to business
ethics is not an entirely new phenomena. Four decades ago, for example, Peter Drucker wrote “But what is most important is that management realize that it must consider the impact of every business policy and business action upon society. It has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, and harmony” (1954: 388). If businesses are to implement Drucker’s suggestion, then they will need to pay greater attention to dealing with ethical issues. Indeed, Thompson and Strickland argue that “A strong corporate culture founded on ethical principles and sound values is a vital driving force behind continued strategic success” (1995: 299).

The problem for organizations is to develop this ethical corporate culture. Accomplishing this goal is complicated by the fact that, as Piper suggests, there is a “societal cynicism about our political and economic systems and, more specifically, about business” (1993: 2). For example, a 1988 Gallup survey of the U.S. public’s confidence in institutions found that big business ranked last in a list of ten institutions (Piper, 1993).

Some of the public’s lack of confidence in business may be due to scandals that have raised questions about greed and self-interest versus integrity and ethics (Marcus, 1993). Even Milton Friedman, who argues that it is the responsibility of management “to conduct the business in accordance with [the desires of the owners of the business], which generally will be to make as much money as possible,” adds that this is to be done “while conforming to the basic rules of society, both those embodied in law and those embodied in ethical custom” (1993: 56). Indeed, when Adam Smith asked rhetorically why humans behave in generous and noble ways, he answered that it is due to “reason, principle, conscience, the inhabitant of the breast, the man within, the quiet judge and arbiter of our conduct” – these are ethical principles (Smith, 1790, quoted in Bear and Maldonado-Bear, 1994: 28). Thus, we argue that ethical principles have a legitimate place in the analysis of business situations.

CAN BUSINESS ETHICS BE TAUGHT?

If one grants that business ethics is important, the logical next question is whether ethics can be taught. We argue on both conceptual and empirical grounds that business ethics can be taught.

In conceptual terms, there is no basis to believe that ethics is any different from any other subject. That is, just as people are not born with a native understanding of economic principles or legal principles or marketing principles or financial management principles, so too there is no conceptual