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ETHICAL DILEMMAS TO USE WITH BUSINESS SIMULATIONS TO TEACH BUSINESS ETHICS

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ABSTRACT

This paper develops and discusses several ethical cases that could be used in a business simulation to help teach business ethics. This paper describes the process used to generate ideas for ethical cases, presents three ethical cases that could be used with a business simulation, provides ideas for variations of each case, and furnishes instructor notes for each case that describes how each case could be analyzed using ethical principles.

INTRODUCTION

Managers frequently struggle to make business decisions that involve ethical issues. Sometimes managers can find a way to maximize profits in ways that could be judged to be ethical. Sometimes, however, managers do not see a way to reconcile profits and ethics. Indeed, some of the toughest decisions managers face involve situations where managers believe they have to choose either profit maximization or ethical conduct. One challenge that business instructors face is to prepare students for the difficulties of making business decisions that involve ethical issues.

Most business simulations are designed to focus on marketing, finance, and operations management decisions without explicitly incorporating ethical issues. While papers have been presented at ABSEL conferences that deal with teaching ethics, relatively little work has been done to develop cases for business simulations that involve ethical dilemmas (Schumann, Anderson, & Scott, 1996). This absence of behavioral issues and problems in business simulations results in a simplistic view of how organizations really function. Instructors who do not use simulations, especially those in the behavioral sciences, frequently criticize business simulations for this restricted view of organizational behavior. By developing cases involving ethical dilemmas for use in a business simulation, an instructor can use a business simulation to enrich the behavioral side of the experience and to better prepare students for a lifetime of decision-making involving difficult ethical issues.

The challenge, therefore, is to develop a way to bring ethical issues into business simulations. In a previous ABSEL paper (Schumann et al., 1996), we began to discuss how instructors can effectively incorporate ethical dilemmas into business simulations. We argued that 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. That is, simulations force students to take an action (i.e., stand up for a belief) and live with the consequences of their decisions. By contrast, other pedagogies require students only to express beliefs about what they think they would do and lower the students' involvement even further by not having them experience the consequences

of their stated beliefs. Simulations clearly raise the stakes for students, leading them to take a hard introspective look at their ethical beliefs and standards.

This paper builds on our previous paper by developing and describing additional cases that present students in a business simulation with ethical dilemmas. In particular, this paper describes the process that was used to generate ideas for ethical cases, presents three ethical dilemma cases that an instructor could use with a business simulation, provides ideas for variations of each case, and furnishes instructor notes that show how each case could be analyzed using ethical principles. Before turning to these issues, we present a brief review of some of the ideas from our previous paper.

CONSTRUCTING ETHICAL DILEMMAS

In our earlier paper, we argued that the process of constructing ethical dilemmas for use in a business simulation involves assessing student readiness, deciding the ethical principles to be taught, and determining the flexibility of the simulation program being used. We also identified a set of key elements to include in the ethical dilemmas. After we briefly review each of these four issues, we describe the process we followed to generate the ethical dilemmas contained in this paper.

Student Readiness

We asserted in our previous paper that instructors should begin the process of constructing ethical dilemmas by reflecting on what students already know about ethics to ensure that students are ready to confront the ethical dilemma. We advised that instructors should begin by introducing a somewhat easier ethical dilemma, and only present complex, emotionally-charged dilemmas after students have had experience managing simpler dilemmas. We also recommended that the dilemma should be introduced after the students have become somewhat comfortable with the basic mechanics of the simulation, but early enough so that they have to manage the consequences of their decisions. For each of the dilemmas we discuss later in this paper, we suggest ways in which they could be adjusted to fit the readiness of the student and made even more challenging.

Ethical Principles

In our previous paper, we maintained that the use of ethical principles in the construction of the dilemmas helps ensure that the dilemma in fact raises ethical issues, gives the students practice in applying the principles to identify and analyze ethical dilemmas, and provides the instructor a discussion vehicle for debriefing students about the dilemmas. We briefly described three commonly used ethical princi

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pies: utilitarianism, rights, and distributive justice. The instructor notes that accompany each case in this paper discusses how these ethical principles can be applied to the case in question.

Simulation Flexibility

Each business simulation program offers the instructor a set of variables to manipulate. Before the instructor begins writing an ethical dilemma for use in a simulation, the instructor needs to examine the simulation model to see which variables can be manipulated (Schumann et al., 1996). For example, the simulations we cite allow the instructor to fine a company or to offer a refund. In fact, it would be rare to find a simulation that did not allow the instructor at least that minimal level of flexibility.

Further, some simulations allow the instructor to change separately certain variables on a company-by-company basis to affect dilemma results. For example, the *Business Strategy Game* (Thompson & Stappenbeck, 1997), in addition to allowing fines and refunds for each individual company, has an undocumented data file editor that allows the instructor to change all variables for each specific company. The *Business Policy Game* (Cotter & Fritzsche, 1995) allows the instructor to change fines and refunds (termed "other expense") as well as labor and material costs on a company-by-company and area-by-area basis. *Airline* (Smith & Golden, 1994), in addition to allowing fines and refunds, allows the instructor to manipulate demand, marketing effectiveness, and hour allocation effectiveness (to the point of causing a strike). *Corporation* (Smith & Golden, 1994) allows the instructor to change fines and refunds, and in addition allows the instructor to manipulate productivities, interest costs, and domestic and foreign demand. *Threshold* (Anderson, Beveridge, Scott, & Hofmeister, 1998) allows the instructor to change fines and refunds as well as labor productivities for each company. *Micromatic* (Scott, Strickland, Hofmeister, & Thompson, 1992) allows the instructor to change for each company and each area: fines and refunds, worker regular and overtime pay, hiring and layoff costs, crew sizes and productivities, and overhead and turnover rates. *Micromatic* also has an undocumented data file editor that allows the instructor to change most other variables for each specific company and area.

These examples demonstrate the availability of simulations with a range of flexibilities. However, in this paper, we present ethical dilemmas that only require the simulation allow fines and refunds in order to demonstrate the potential for using ethical dilemmas with simulations that have limited flexibility. We also describe how each dilemma could be expanded if the simulation program being used allows the manipulation of other variables.

Ethical Dilemma Key Elements

In our previous paper, we identified four key elements to include in an ethical dilemma for use in a business simulation. First, there should be a clear violation of an ethical principle in the case. Second, there should be no easy answer because if it is easy to achieve both profits and ethical conduct, then the learning value of the experience is re-

duced. Third, the potential loss in profits from taking an ethical course of action should be significant so that students must reconcile their desire to beat the competition with their desire to behave ethically. And fourth, the dilemma should reflect the students' readiness to manage the issues involved in the situation presented. In the instructor notes for each of the cases, we discuss how these points relate to that case.

Dilemma Mechanics

The instructor should develop a protocol for announcing the dilemma to the students and for collecting the dilemma decision from the students. An instructor can use e-mail, a bulletin within the simulation, or a handout to distribute the dilemma. The announcement should remind students to discuss the implications of the dilemma, to achieve consensus (if possible) regarding their dilemma decision, and to write their rationale or justifications for their decision. If consensus was not reached, the write-up of the decision should include majority and minority opinions. Requiring a decision write-up reduces the chance that the students will give the dilemma only a superficial treatment. The instructor can also require students to develop and submit a policy for managing similar occurrences in the future. The simulation company managers should be required to sign their agreement to the decision made, or to their preference for a minority opinion. The signed documents force the students to take a public stand on their belief and recognize they can be held accountable for their actions at a later time. The write-up also serves to sharpen memories when debriefing the dilemmas since there is often a time lag between the time the dilemma is introduced and when it is finally discussed.

Sources of Ideas for Ethical Dilemmas for this Paper

We began the process of developing ethical dilemmas for use with a business simulation by conducting a brainstorming session. Part of this session involved paging through several months' worth of business publications. We tried to ensure that the ideas we generated covered a range of business issues such as marketing, human resources, and operations. The goal is to have students recognize that they may confront an ethical dilemma in a variety of forms and in a variety of areas within a business enterprise. While many ethical dilemmas have a common theme of lying, cheating, and stealing, it is important for students to realize that this type of behavior is not limited to any particular function of business, such as marketing.

There is a wide range of possibilities for ethical dilemmas that could be incorporated into a business simulation exercise. Some of the dilemma ideas we generated in our brainstorming session include: pay bribes to win business; advertise using deceptive claims; hire a competitor's salesperson who brings confidential competitive information with him or her; eliminate or reduce employee medical insurance benefits; fire a long-time employee whose wife has Alzheimer's; invade employees' privacy by using hidden cameras and by monitoring their use of e-mail and telephone; and set up a price-fixing conspiracy.

Next, we will describe in detail three dilemmas that an instructor could incorporate into a simulation exercise. We

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will also point out variations that could be made to each to increase the complexity of the dilemma the students face. Finally, we will provide an instructor's note for each dilemma to serve as a guide for class discussions.

ETHICAL DILEMMA #1: OVERCHARGE A CUSTOMER

The Dilemma

Next period a portion of your total sales will be to a government agency. You know from past experience that the government considers this order so small that there is no chance the agency will audit the transaction. As a result, you could easily inflate your charges to the government above the prices specified in the contract. Your choices are:

1. Inflate the bill to the government by \$10,000. If you select this option, it will appear as a \$10,000 refund on your reports for next period.
2. Do not inflate the bill.

Dilemma Variations

This dilemma can be modified by changing the dollar amount so that the added charges will significantly affect a company's profitability. For example, if average profitability for the industry is \$100,000 for a period of operation, offering a \$10,000 increase in cash receipts (\$5,000 in net profit if the tax rate is 50%) may not provide sufficient temptation for students to lie. On the other hand, a \$50,000 increase would excessively skew the results of the period and distort the overall results of the exercise. This, in turn, could deflate the students' motivation to perform if they feel success is determined by capricious events. Vary the dollar amount from one academic term to the next until an amount is found that tempts more than one or two of the companies.

One could also add the possibility that a government audit agency may catch the discrepancy in a year-end audit. In this situation, the instructor could also include the consequences for the companies caught inflating the bill.

Instructor Notes

Ethical Principles. This dilemma can be analyzed using utilitarian, rights, and distributive justice ethical principles (Schumann et al., 1996).

1. *Utilitarianism:* The utilitarian ethical principle says that the ethical course of action is the one that maximizes net social benefits. That is, the ethical course of action would be to select the course of action that does the most good and the least harm considering all people who are affected by the action in question. In the context of this case, when a buyer and a seller voluntarily reach agreement on the terms of a deal, that deal will make both parties better off, or else they would not have agreed to the deal. When one side then changes the terms of the deal without the consent or knowledge of the other party, the result is to reduce net social benefits below those achieved under the previously negotiated deal. Thus, it is unethical on utilitarian grounds

to inflate the charges to the government above the prices that had been mutually agreed to in the contract.

2. *Rights:* The rights ethical principle has three components.
 - a. *Reversibility:* Is the action in question reversible: that is, would one be willing to have the action one wants to perform on others done to oneself? In this case, if one is unwilling to pay a price that has been inflated above the contractual price, then one does not have the moral right to inflate one's own prices.
 - b. *Universalizability:* Would one be willing to universalize the behavior? In the current case, this asks if one would want to live in a world in which everyone tries to cheat one's customers all the time by inflating the price. If one cannot imagine a world in which everyone inflates their prices above the contractual amount without the consent of the other party, or if one would not want to live in such a world, then one doesn't have the moral right to inflate one's prices either.
 - c. *Respect and free consent:* Finally, the third component in analyzing rights specifies that individuals are to be treated with respect, which means to treat people in ways that they have freely consented to be treated, and not exclusively as a means to one's ends. When you inflate your price above the mutually agreed to price, you are treating the other party merely as a means to your ends, and the other party has not freely consented to pay the inflated price. Thus, you do not have a moral right to charge an inflated price, and to do so is therefore unethical.
3. *Distributive Justice:* The distributive justice principle is concerned with whether the action in question produces a fair distribution of benefits and costs. There is disagreement, however, on how to define a fair distribution of benefits and costs; four common definitions of a fair distribution are egalitarianism, capitalism, socialism, and libertarianism (Schumann et al., 1996).
 - a. *Egalitarianism:* Egalitarians maintain that the only fair distribution is an equal distribution. In this case, in order to argue that charging an inflated price is fair, one would have to argue that the mutually agreed to contract produces an unequal distribution of benefits and costs, and that the inflated price produces a more equal distribution (which is unlikely).
 - b. *Capitalism:* Under capitalism, a fair distribution is determined by examining the contributions of the parties it is fair to get a greater share of the benefits if one has earned a greater share by making a larger contribution. In order to argue that charging an inflated price is fair under capitalism, one would have to argue that the company has earned the inflated price. This is a difficult argument to maintain since a mutual agreement on the contract has already been reached.

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- c. *Socialism*: To socialists, it is fair that people with greater needs get more of the benefits, and people with greater abilities shoulder more of the costs. To argue that charging an inflated price produces a fair distribution under socialism, a student would have to argue that the company has a greater need for the money than was recognized by the mutually agreed to price, and the government has a greater ability to pay.
- d. *Libertarianism*: Finally, for libertarians, whatever results from the free choices of the parties is fair. Since the government has not freely agreed to pay the inflated price, it is unfair to charge an inflated price. Thus, each of the four approaches to distributive justice suggests that it is unfair to charge a customer an inflated price, and it is therefore unethical to do so.

Thus, it is unethical to charge an inflated price according to all three of the ethical principles. This dilemma also illustrates the four key elements to include in an ethical dilemma described previously. First, there is a clear violation of the ethical principles. Second, the dilemma presents simulation participants with a difficult choice of increasing profits or behaving ethically. Third, the loss in profits from ethical behavior is significant enough to challenge the participant's values. Finally, the issues involved in this dilemma are not excessively complex; thus, students with a wide range of abilities and backgrounds should be able to think about the issues involved. The last issue is examined in more detail next.

Student Readiness. For all dilemmas, an instructor should consider the students' understanding of the dynamics of the simulation exercise before deciding (1) whether to introduce the dilemma at this stage of the exercise and (2) whether to add variations to the basic dilemma to make the ethics surrounding the situation less clear. For example, if the dilemma involves a series of probabilities on whether the charges are discovered and how much money the company receives as a result of the choice made, the students may not be able to determine the financial consequences of their actions. It is important for students to recognize the impact of the dilemma decision on the profitability of their company, if the dilemma is to fulfill its learning potential.

For this dilemma, an instructor should also consider whether the students' moral reasoning is sufficiently developed to recognize ethical principles apply to large, faceless, and distant organizations. If the students' moral development is such that they believe it is always fair to cheat the government, then little debate is likely to occur because their attitudes preclude a willingness to listen to alternative viewpoints. If this is the case, rewriting the dilemma using a local company with which the students' can identify, may serve to elicit more concern about the impact of the decision on the other party. Or if the dilemma includes a description of highhanded, pressurized bargaining tactics by contract negotiators for the government agency involved, students may find it easy to rationalize any action they take. Again, if the students are not ready to deal with the complexity presented by the dilemma, it is better to simplify the issues involved so that students are able to identify

the underlying ethical principles involved and have a discussion of the implications of violating them.

ETHICAL DILEMMA #2: DEFECTIVE PRODUCT

The Dilemma

Last year, one of your workers received an electrical shock while testing one of your products. Last week, a customer was killed by electrocution using that same product. Some engineers have previously warned you that this product has a physical defect and that its safety features do not always work. The Consumer Products Safety Commission called and asked you to provide them any information you can and to institute a product recall program. Your options are to:

1. Go along with the recall and inspection program at a cost of \$35,000. If you select this option, it will appear as a fine of \$35,000 on your next period reports.
2. Destroy any evidence (computer files, letters, and printouts) of the engineering reports and the worker's previous experience. Answer any questions from the government with claims of innocence and no knowledge of prior problems with the product. If you select this option, you will not receive any fine.

Dilemma Variations

In addition to changing dollar amounts or specifying probabilities, other possible modifications include a class-action lawsuit from injured customers and legal fees. Another possibility is to specify that the problem must be fixed at some cost, and the new manufacturing methods also have lower worker productivity. One could also specify that if the problem is left uncorrected, worker morale could suffer if the frequency of workers receiving shocks increases and the workers perceive a lack of concern for their safety by the company. This would result in lower worker productivity or higher worker turnover, producing higher labor costs.

Instructor Notes

Ethical Principles. This dilemma can be analyzed using the same three main ethical principles as Dilemma #1. Since we described the three principles in some detail in Dilemma # 1, here we only discuss the application of the principles to the specifics of Dilemma #2.

1. *Utilitarianism*: The most good and the least harm is done when buyers and sellers enter into voluntary agreements that are based on all relevant information. If the seller hides relevant information such as product safety defects, then the buyer is agreeing to terms that do not correctly reflect all the relevant benefits and costs. Since all relevant costs and benefits have not been considered, the resulting decision by consumers to buy the product may not maximize net social benefits. It is therefore unethical to cover-up safety defects.

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2. *Rights:*

- a. *Reversibility:* If you are unwilling to buy a product for which the seller has covered-up significant safety defects, then you do not have the moral right to do this to others.
- b. *Universalizability:* If you are unwilling to live in a world in which every seller of every product you might purchase covers-up significant safety defects, then you do not have a moral right to do so.
- c. *Respect and free consent:* The buyer of the product has not freely consented to purchase the product where safety defects have been covered-up. To trick the buyer in this way is to treat the buyer merely as a means to your ends. You do not have the moral right to do so. Therefore, it is unethical to cover-up safety defects in your products.

3. *Distributive Justice:*

- a. *Egalitarianism:* If the seller covers-up safety defects, then the result is greater benefits for the seller and reduced benefits or greater costs for the buyer. Unless this redistribution results in equal benefits and costs for the buyer and seller (which is unlikely), it is unfair according to egalitarianism to cover-up safety defects.
- b. *Capitalism:* When the seller covers-up safety defects, the seller is prying benefits away from the buyer that have not been earned. This is unfair according to capitalism.
- c. *Socialism:* Unless the buyer is better able to bear the costs associated with the safety defects than the seller (which is unlikely), it is unfair under socialism to cover-up the safety defects.
- d. *Libertarianism:* Since the buyer has not freely consented to purchase the product with the hidden safety defects, it is unethical under libertarianism to cover-up safety defects.

Thus, it is unethical according to all three ethical principles to engage in a cover-up of safety defects. This dilemma also illustrates the four key elements to include in an ethical dilemma: there is a clear violation of the ethical principles, it presents a difficult choice between increased profits and possible injury to others, the loss in profits is significant, and it is not excessively complex. In discussing this dilemma, the instructor can use the discussion of the three main ethical principles to suggest that companies therefore have four main moral duties: to comply with the terms of the contract, to disclose all relevant information, to not misrepresent the product, and to not coerce consumers into purchasing the product. By engaging in a cover-up of safety defects, the company is violating its duty of disclosure and is misrepresenting the product. Furthermore, the duty to comply with the contract implies that the company is promising consumers that the product works properly when used for its

intended use. If the product has safety defects, it is not safe to use for its intended use, which violates the duty to comply.

Student Readiness. For this dilemma an instructor should consider whether the students' stage of moral development is such that they believe their only obligation is to maximize profits and let the marketplace determine the needed level of product safety, not a government agency. If this is so, it is advisable not to use this case unless the instructor can directly affect the future sales of an individual company to reflect the public's concern regarding the safety of its products. Without this potential negative consequence, much of the learning possibilities for this dilemma would be lost. If students question the validity of losing sales because of consumer concern for product safety, the instructor can cite to students the 54% drop in demand for the Isuzu Trooper sports utility vehicle from 1996 to 1997 after Consumer Reports gave it a poor safety rating (cited in *Time* magazine, August 11, 1997).

If the instructor modifies this dilemma to have worker productivity levels affected by the choice selected, be sure that the students know how to calculate the effects of productivity changes on profitability. Otherwise this aspect of the dilemma will be absent from their analysis and the instructor will miss the desired impact of the added complexity.

ETHICAL DILEMMA #3: FALSIFY INSURANCE CLAIM

The Dilemma

Last Saturday, one of your managers stopped by the office during a rainstorm and discovered that water was running in from the roof. As a result, some of your computer and electronic equipment was damaged or destroyed. You have examined your equipment and discovered \$10,000 in damage expenses. A \$10,000 fine will be assessed to your company this period to reflect this loss. To recover this loss, you could submit an insurance claim for \$10,000. You could also falsely claim some of your older, almost obsolete, undamaged equipment was ruined. This would allow you to increase your damage claim to \$20,000, upgrade your old equipment, and have an all new state-of-the art network system at the insurance company's expense. You will receive the insurance money next period for whatever claim you file. Choose either:

1. Submit an insurance claim for \$10,000. If you select this option, you will receive a refund of \$10,000 next period.
2. Submit an insurance claim for \$20,000. If you select this option, you will receive a refund of \$20,000 next period.

Dilemma Variations

As with the first dilemma, this dilemma can be modified by changing the dollar amounts of the claim to fit more appropriately the profitability of the simulation companies. For example, average sales and profitability for *Airline* (Smith et al., 1994) are such that an additional \$10,000 on an insurance claim may be too small to tempt anyone to falsify their claim.

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Again, this version of the dilemma is relatively simple and direct. It can be made more complex by including the possibility of getting caught and specifying the consequences if this happened. For example, the dilemma might specify that there is a five percent probability of the insurance company auditing the claim, and if the insurance investigator finds irregularities, that the entire claim will be denied. Alternatively, the dilemmas could say that there is a small chance of getting caught without specifying the probability or penalty. Another option is to not specify consequences in the original dilemma, but to surprise simulation participants later in a follow-up dilemma for those companies who falsify their original claim.

Instructor Notes

Ethical Principles. As with Dilemma #1, this Dilemma can be analyzed using utilitarian, rights, and distributive justice ethical principles. Since we described the three principles in some detail in Dilemma #1, here we only discuss the application of the principles to the specifics of Dilemma #3.

1. *Utilitarianism:* The most good and the least harm is done when people comply with the terms of the agreements into which they have voluntarily entered, including insurance agreements. If people submit false insurance claims, it raises the overall cost of insurance to everyone, thereby reducing net social benefits. It is therefore unethical to submit falsified insurance claims.
2. *Rights:*
 - a. *Reversibility:* If you are unwilling to have a customer cheat you if you managed an insurance company, then you do not have the right to cheat the insurance company.
 - b. *Universalizability:* if you are unwilling to live in a world in which everyone cheated insurance companies all the time (consider, for example, the effect of such universal behavior on the cost and availability of insurance), then you don't have the right to cheat on your insurance claim.
 - c. *Respect and free consent:* The insurance company has not freely consented to pay inflated insurance claims. To submit an inflated claim is to treat the insurance company strictly as a means to your ends. You do not have the moral right to do this. Therefore, it is unethical to submit an inflated insurance claim.
3. *Distributive Justice:*
 - a. *Egalitarianism:* If you inflate your insurance claim, then the result is greater benefits for you and reduced benefits for the insurance company. Unless this redistribution results in equal benefits and costs (which is unlikely), it is unfair according to egalitarianism to inflate the claim.
 - b. *Capitalism:* When you inflate your claim, you are prying benefits away from the insurance company

that have not been earned. This is unfair according to capitalism.

- c. *Socialism:* Unless the insurance company is better able to bear the costs associated with the inflated claim, it is unfair under socialism to inflate the claim.
- d. *Libertarianism:* Since the insurance company has not freely consented to pay inflated claims, it is unethical under libertarianism to inflate your claim.

Thus, it is unethical according to all three ethical principles to inflate an insurance claim. This dilemma also illustrates the four key elements to include in an ethical dilemma: there is a clear violation of the ethical principles, it presents a difficult choice, the loss in profits is significant, and it is not excessively complex. If a student argues using socialist distributive justice that the insurance company is in a better position to bear the costs associated with the inflated claim than the student's company to pay to upgrade the equipment, then an instructor can lead the students in a discussion of how to resolve conflicts among the ethical principles. For example, if students agree with the statement that "the ends never justify the means," then they are saying that the rights ethical principle should always take precedence in those cases where the ethical principles point to conflicting conclusions. Even if students do not all agree on the conclusions, there is still value in conducting the discussion of the issues.

Student Readiness. For this dilemma, it is important that the students are able to recognize that cheating a large organization has long term effects on their company and on themselves, individually. If they do not perceive any cost to their filing an inflated expense claim, they will not give the dilemma an adequate discussion and its learning effect will be minimal. The students need to be at a stage where they can see indirect, as well as direct, costs to actions they take.

CONCLUSIONS

By incorporating ethical dilemma cases into the business simulation exercise, instructors can bring human behavior into the exercise. This makes the simulation experience less quantitatively driven and formulaic, and raises the participants sensitivity to the qualitative, human dimensions involved in managing a business.

Incorporating ethical dilemmas into business simulations also injects an additional element of emotional excitement into the exercise. Ethics has both intellectual and emotional components (Frank, 1988). Students are more likely to remember lessons that have emotional components. The emotions and lessons carry over to the class discussions of the simulation exercise. Furthermore, we have found that students remember these emotions and lessons long after they have graduated.

Research on learning consistently demonstrates the importance of practice, and when the skills to be learned are complex, to practice both the individual pieces as well as the whole in practice sessions spread over time (Goldstein,

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1986). Business simulations are an elegant way to fuse what students have learned into a coherent whole and to give them opportunities for practice in a way that demonstrates decisions have consequences. Thus, by incorporating ethics into the simulation experience, students can practice making decisions involving ethics without the artificial separation that might occur if ethics is only taught in a separate course. Furthermore, students are getting practice at managing ethical dilemmas in a safer environment than on the job, where ill-informed and poorly thought out decisions can have long term effects on a career, as well as to other people's lives.

In addition to giving instructors three dilemmas they can incorporate into their simulation exercise, we hope that our examples stimulate instructors to develop their own ethical dilemmas. The instructor should also be willing to experiment. Unforeseen problems should not be entirely a surprise when trying new things. There will be the opportunity to make improvements the next time. Taken together, this means the instructor must be willing to engage in a process of self-examination and continuous improvement. We hope that through our process, instructors will have fun helping their students learn valuable lessons.

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