

Developments In Business Simulation & Experiential Exercises, Volume 21, 1994

DON'T TEACH ETHICS TO BUSINESS STUDENTS!

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ABSTRACT

This paper describes an alternative pedagogy when teaching ethics to business students. Allegedly, a non-direct method of teaching business ethics would be a superior method than using the more traditional direct approach. "Okay class, we are going to teach you business ethics today. Here is an exercise in business ethics, let's see how you do." Does this sound all too familiar? Students will predictably respond to such an exercise. When a professor announces, "Today, we will do a forest green exercise," then what is the first color students will answer when asked, "What should be the color of the proposed new product?" Forrest greens, what a surprise!

LITERATURE REVIEW

It was a surprise to find the earliest written teaching of ethics. In the 1 200s, the Christian theologian Saint Thomas Aquinas published Summa Theologica describing his viewpoints on Christian ethics. (Aquinas, 1896) More recent and pertinent work on ethics can be found in the monographs Business Ethics & Common Sense, 1992 (McGee, 1992) and Ethics In the Education of Business Managers (Powers, 1980).

Excellent studies have been reported in business ethics journals. Several works describe classroom games based on business ethics (Nelson, 1992). "Increasing Applied Business Ethics Courses in Business School Curricula," (Sims, 1991) and "The Teaching of Business Ethics: A Survey of AACSB Member Schools (Schoenfeldt, 1991).

ABSEL has published several works: "The Use of Simulation For Ethics In Education In Management," (Ullmann, 1 992), "Ethical Dilemmas in Experiential Learning: Issues and Strategies," (Maddox, 1991) and "Business Ethics, Experiential Exercises and Simulation Games" (Fritzsche, 1989).

A relevant work on teaching business ethics is "Can Ethics be Taught? A Simulation Tests a Traditional Ethics Pedagogy." The authors conclude that classroom lecturing has little effect in changing student attitudes when confronted with an ethical dilemma (Ricci, 1992).

INTRODUCTION

Business ethics should be unannounced in classroom exercises. The professor observes the results and then comments on the student's ethical or non-ethical decision making.

In essence, the professor asks students to solve one problem (i.e., an advertising budget allocation). In reality students decide to, or not to, allocate money for a dangerous Gyro-Toy product. This is the hidden dilemma confronting the student. Students are not aware that the real purpose of the exercise is to observe ethical behavior.

The Charter Corporation The Advertising Budget Decision-Making Exercise An Abbreviated Version

Students must determine the advertising budget appropriation for the hypothetical Charter Corporation. The company consists of five divisions: Dream-Lite cookies, International Farms Equipment, High-Tech MicroChips, Gyro-Toy, and Consumer Electronics.

Because of recent adverse economic conditions, the CEO has decided that the total advertising allocated will not exceed \$1 million for all five divisions. Each student, or team of students, determines the advertising budget for each division. A brief description of each division follows.

Dream-Lite Cookies: The product contains no fat, cholesterol or artificial ingredients. The market trend for Dream-Lite Cookies has indicated phenomenal potential. The product manager projects sales in 1995 to be \$2,000,000, when supported with \$300,000 in advertising.

International Farm Equipment: For 1 995, the product manager projects \$7 million in sales with \$1 million in advertising.

High-Tech MicroChips: The total industry demand for MicroChips has been very sporadic during the last ten years. Several unpredictable sales increases and decreases have occurred. The product manager for High-Tech predicts \$5 million in sales during 1995. The product manager requests \$500,000 for the High-Tech advertising budget.

Gyro-Toy: The high speed children's Gyro-Toy will be taken off the market by January 1, 1 997 (in two years) due to safety reasons claimed by the government (eye injuries). The product manager projects \$4 million in sales for 1995. The Gyro-Toy product manager requests \$500,000 for advertising during 1 995.

Consumer Electronics: During the last five years, increased competition by foreign manufacturers has caused difficulties for the U.S. consumer electronics industry. The consumer electronics product manager forecasts sales revenue of \$2 million when \$250,000 in advertising is spent for 1995.

The student teams report their final advertising allocations on the blackboard. The professor moderates. Differences are noted and the professor requests the teams to orally defend their decisions. For example, team #5 would be asked their reasoning in allocating zero dollars for Micro-Chips, while team #1 would be requested to defend their spending \$330,000 on Micro-Chips advertising.

Students discuss the Gyro-Toy last. The professor asks students to support their decision. If one team allocates zero dollars to the Gyro-Toy, the professor asks why. If the team responds with "the toy is dangerous and little children have been getting injured," the professor asks the other teams if they thought of the potential for injury, and should the corporation continue to manufacture and market such a product? Students are asked if they have any little brothers or sisters still at home and would they purchase such a dangerous product for them. THEN, this personalization usually takes hold and students sheepishly admit they might have been thinking too much about the bottom line for the corporation. Profitability was first in the student's mind, not social responsibility.

Exercise Variations

Many game variations exist during the administering of this exercise. They include a one-player team, two persons jointly making the decisions, three persons, etc. An interesting variation consists of students role-playing the parts of the five division managers. Each manager provides a convincing argument for their division. An individual or committee, acting as the CEO, determines the final advertising budget allocation.

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The author has administered this exercise five times in the last ten years. During each exercise, the author has observed spontaneous student enlightenment. Without exception, a genuine sense of learning (business ethics) was observed when this indirect pedagogy was used to teach ethics to business students.

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