Strategy evaluation in a business simulation game

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Abstract

Business simulation games are widely used for educational purposes, since they may help students to form and develop their enterprising attitudes. Although different approaches may be found in the literature, all these business games focus on the management of economic processes, usually in the form of a business. Usually students are part of a group that manages a company, which competes with other companies in the same marketplace that are managed by other groups in the class. Thus, it is necessary for students to take the financial risk of their own decisions. These decisions concern the areas of manufacturing (raw materials, production, staffing, inventory control, etc.), marketing (advertising, market research, etc.), or finance (e.g. short-term and long-term loans). After a predefined number of decision-rounds, the business results of students groups are evaluated, usually in terms of sales or market shares. The main aim of this paper is to present a framework for the evaluation of strategy adopted by students in a business simulation game. The proposed framework is based on a multicriteria decision analysis approach and takes into account the results of decisions made during all rounds. The evaluation process is based on four main criteria (profitability, solvency, performance management, and growth) and a total of 15 sub-criteria. A simple weighted-sum formula is used in the proposed approach, while the assessment of the value functions for these evaluation criteria/sub-criteria is based on experts' knowledge and relevant previous researches. The presented business game is able to improve the strategic and analytical thinking of students, their ability to work in a team, and their interpersonal communication. Moreover, students get used to working in a competitive environment, under time pressure, and without full information, while at the same time they have the ability to practice business theory.

Key-words: Business game, Business simulation, Strategy evaluation, Multicriteria analysis

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