

PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

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MBAM 698.1D (DRAFT)

ISSUES IN BUSINESS

Full-Time MBA, Malibu

MBAM 698.1D
VIRTUE AND COMMERCE

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COURSE DESCRIPTION

When Adam Smith wrote *The Wealth of Nations*, he provided academics and professionals alike, a counter-argument to those who, since Plato, had been so critical of the “evils of commerce.” Capitalism has gained great momentum in the years since Adam Smith, and whilst many philosophers and theologians remain unconvinced of the “morality of the market”, advocates of free-market theory aggressively promise that: “capitalism is good”, “markets can, in fact, improve ethics”, and “commerce does not need to be offset to be good.”

As business professionals, we are fierce advocates of the free-market theories of Adam Smith. Yet, we are concerned that some of the most devoted proponents of these theories are often characterized, rightly or wrongly, as "amoral thieves" with an "explicit denial of any role of moral or ethical consideration in the practice of management" (Ghoshal, 2005).

Moreover, many of the current strategies for improving ethics in business - vision/mission statements, codes of ethics, tougher laws, “how-to” books, and other forms of external coercion - appear to be failing us miserably. We share the view, instead, of experts in virtue ethics who remind us that acting well is not a matter of finding the most general ethical rule but of finding stories for good characters. Stories, especially those strong on heroism and good behavior, provoke the imagination, renew curiosity, and corroborate the benefits of reason and good behavior. In this course, we use narrative to better understand the

issues that face business leaders when the managerial goals of profit maximization collide with ethical behavior.

Each week, the course will focus on a classical virtue and/or vice, offering perspectives from literature, business, philosophy, and various religious faiths (including Christian, Jewish, and Muslim). We will use classical and modern literary examples, contemporary business cases, media clips, and various subject area experts to motivate this exploration of the importance of virtue in commerce.

GRADING

Grades in the course will be based upon class participation (50%), and two individual papers (25% each) to be submitted at mid-term and at course end. Each of the two individual papers should be no more than 10 pages in length (double spaced), and will be judged on their originality and depth of philosophical reflection. Both invite students to react to one or more of the classroom experiences, reflecting on how those experiences helped them to better define “virtuous behavior” and/or how narrative can be used to enhance the decision-making process in business.

CLASS PARTICIPATION

Attendance and Assignment Policy

- 1) Attendance is mandatory. Any student who misses more than one class will be dropped from the course and will receive a failing grade. If you miss a single class you will receive a “0” for that weeks participation score. There can be no exceptions to this policy.
- 2) All assignments are due in Blackboard before the beginning of the class period on the date due. **No late assignments will be accepted.** Period. No exceptions. None. Don’t even ask.

CLASSROOM DISCUSSION

The nature of this course requires that students take an active role in the learning process. As such, participation is an important component of the final grade.

Participation includes:

- Active engagement in class discussions (both verbal and electronic)
- Thorough preparation for each learning module by attending to the assigned material (readings, audio/video, and lecture notes)

READINGS (in chronological order, somewhat)

- Shaw, G., Brown R., & Bromiley, P. (1 May 1998). "Strategic Stories: How 3M is Rewriting Business Planning." *Harvard Business Review*.
- Heyward, Du Bose. (1939). *The Country Bunny and the Little Gold Shoes*. Houghton Mifflin, Boston, MA. ISBN: 0395159903
- Lewis, C.S. (2001). *The Abolition of Man*. Harper, San Francisco. ISBN: 0060652942
- Yankelovich, D. (2007). *Profit with Honor*. Yale University Press, New Haven, CT.
- Smith, J. (2004). "But what is the right thing?" *MISQE*, 2004.
- Dallaire, R. *Shake Hands with the Devil: The Failure of Humanity in Rwanda*. (2004). Carroll & Graf, New York, NY. ISBN: 0786715103
- Ignatieff, M. (2001). *Human Rights as Politics and Idolatry*. Princeton University Press, Princeton, NJ. ISBN: 0691088934
- O'Flaherty, L. (1950). "Two Lovely Beasts" from the book *Two Lovely Beasts, and Other Stories*. Devin-Adair, Greenwich, CT. ISBN: 1125916656
- Dostoevsky, F.M. (1879). **The Brothers Karamozov**. Various publishers.
- Ready, D.A. (2002). "How Story-telling Builds Next-Generation Leaders." HBS Case # 9-SMR-087, HBS Press, Cambridge, MA.
- Author. () *The Wisdom of Solomon....*
- Heschel, A.J. () *I Asked for Wonder....*
- Friedman, M. (). *The Social Responsibility of Business is Profit*.
- Kant, I. () *On the Supposed Right to Lie*.
- Bonhoffer, D. (). *Situational Ethics*.
- Levitt, T. (). *The Morality of Marketing?*
- Orwell, G. (). *Shooting and Elephant*.

Additionally,

- A case study course packet is available at the Bookstore
- Assigned readings are available via the Library's "[e-Reserves](#)" system.
- The Sloan School's course on [Literature, Ethics and Authority](#).

University and School Policies

GSBM students are expected to respect personal honor and the rights and property of others at all times. The University policies on conduct can be found in the current GSBM catalog available online at

<http://bschool.pepperdine.edu/programs/catalog/content/GScatalog07.pdf>.

Note that the University expects from all its students and employees the highest standard of moral and ethical behavior in harmony with its Christian philosophy and purposes. Improper conduct for which students will be subject to discipline includes dishonesty in any form, plagiarism, and behavior that is disruptive of the classroom environment.

Policy on Disabilities

Pepperdine University is committed to complying with all mandates set forth in Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Inquiries should be directed to Lauren Breeding, director of disability services, at 310.506.6500. For further information, visit the DSO Web site at: <http://www.pepperdine.edu/disabilityservices/>

COURSE OUTLINE AND ASSIGNMENTS

Exploring Virtue in Commerce

Session 1: Introduction to the Virtues via Narrative and Course Overview

- **MEDIA:** “*Holes*”
- **READINGS:** Shaw, Heyward, Lewis (Abolition of man), and Yankelovich, D. (Introduction & Chapter 1 The Wrong Way to Stop the Scandals).
- **SCHEDULE:**
2-3 Hours: Establish the importance of narrative (story-telling) for the course by reviewing recent, modern, and historical ethical issues in commerce (e.g., Enron, robber barons, early mercantilism) and multiple perspectives to overcoming them (e.g., regulation, social norms, religion)
1-2 Hours: Overview of course structure, assignments and technologies used in the course.

Session 2: Justice: Multiple perspectives on Virtue in Business (online)

- **MEDIA:** Scenes from “*A Civil Action*” and “*Shall We Dance*”
- **CASE:** *Timberland: Commerce and Justice (HBS 9-305-002)*
- **READINGS:** Smith, Dallaire, Ignatieff, and Yankelovich (Chapter 3, Unenlightened Self-Interest, Chapter 5, Two Incomplete Visions)
- **DISCUSSION BOARD:**
Discussion forums on the media clip, readings, and the relationship between commerce and justice.

Class 3: Temperance and Profit Maximization: The role of

classic virtue in modern business

- **MEDIA:** Selections from “Other People’s Money”
- **CASE:** Starbucks Case HBS.
- **READINGS:** O’Flaherty, Levitt, and Smith (Excerpts from TMS).

DISCUSSION BOARD:

Team Presentation Topic: *Knowledge Management or Decision Support Systems*

Session 4: Self-Interest/Prudence vs Greed: Human nature, capitalism, and the common good

- **MEDIA:** Selections from “*Wall Street*” and “*The Emperor’s Club*”
- **CASES:** “*Italian Tax Mores*” and “*New York Times: Into the Mouths of Babes*”
- **READINGS:** Gospel of Matthew (Sermon on the Mount and Matthew 25), Smith (Excerpts from TMS), Dostoevsky (The Legend of the Grand Inquisitor), Kant, and Bonhoffer.
- **DISCUSSION BOARD:**

Session 5: Courage to Lead: Virtuous management in a broken world

- **MEDIA:** Selections from “*Barbarians at the Gate*”
- **CASE:** How Story-telling Builds Next-Generation Leaders. (HBS Case # 9-SMR-087)
- **READINGS:** Heschel, “The Wisdom of Solomon”, and Friedman.
- **DISCUSSION BOARD:**

Session 6: Measuring Virtue: Does it pay to be “good”?

- **MEDIA:**
- **CASE:** “Circumventing the FDIC” and “The new Line of Soap.”
- **READINGS:** (HARVARD BUSINESS REVIEW ARTICLE?????), Orwell,
- **DISCUSSION BOARD:**

Session 7: Final project review and debriefing (Collocated Meeting)

Cases: “Mutual Fund Management” and “A Problem in Performance Evaluation.”

Works Cited

Ghoshal, S. (2005) Bad management theories are destroying good management practices. *Academy of Management Learning & Education* 4.

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