A business that makes nothing but money is a poor kind of business. – Henry Ford

Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted. – Albert Einstein

DESCRIPTION AND COURSE OBJECTIVES

This is a survey course analyzing the relationship between business and society and the various factors which impact the evaluation of business decisions from an ethical perspective. The objectives of this course include (i) understanding the concept of stakeholders and the related impact on business decisions; (ii) exploring the interaction of business conduct and social responsibility; (iii) raising awareness of ethical and social issues and developing an ability to examine situations and to make decisions in response to such issues; (iv) examining and discussing current events and social issues; and (v) applying ethical principles and decision-making framework to actual business situations.

INSTRUCTOR

Milton L. Lovell
Adjunct Assistant Professor
901.344.5205 (Office Telephone)
901.344.5203 (Office Facsimile)
901.482.4821 (Mobile)
901.767.8964 (Home)
LOVELLM@rhodes.edu (Campus E-mail)
Milton.Lovell@nexair.com (Office E-mail)

CLASS MEETING INFORMATION

Wednesdays: 4:00 PM – 6:30 PM
Buckman Hall 108
CLASS CREDITS

Students enrolled in BUS 261 shall receive four (4) academic credits upon the successful completion of this course. Students enrolled in BUS 680 shall receive three (3) academic credits upon the successful completion of this course.

CROSS-LISTED UNDERGRADUATE AND GRADUATE COURSES

At Rhodes, cross-listed courses are those which count as both undergraduate and graduate courses. Separate course numbers are assigned to the undergraduate and graduate components of the course. Graduate students enrolled in these courses should be aware of the following provisions:

- Each student is responsible for assuring that he or she is enrolled in the appropriate course level. Graduate students who enroll under the undergraduate course number will not receive graduate credit. The registrar will not retroactively change the number.

- Graduate students may not take a cross-listed course for graduate credit if he or she has already received undergraduate credit for a course that covered essentially the same material.

- In all cross-listed courses, graduate students must complete work that is substantially more advanced than the work expected of undergraduate students. Even when a common syllabus forms the basis of the graduate and undergraduate components, the graduate students must demonstrate higher levels of knowledge and intellectual inquiry. Therefore, the professor will require graduate students to complete a significant number of assignments that are substantially more advanced in quantity, complexity, and/or analysis. These extra requirements may take many forms, such as additional or different research, readings, presentations, or quantitative analyses.

- Graduate students should schedule an appointment with the professor to determine the additional graduate expectations of a cross-listed course.

OFFICE HOURS AND LOCATION

Wednesdays: 630 PM – 730 PM  
Thursdays: 5 PM – 6 PM  
Buckman Hall 329C

I will generally be available each week in Buckman Hall at the times listed above. I can be available on campus at other times which are convenient to you.
I am available in my office at nexAir most weekdays between 8 AM and 6 PM, when not teaching a class at Rhodes. Please feel free to contact me at my office during these hours or on my mobile telephone or at home during other times. If I am not available when you try to reach me, I will be glad to return your call or set a time for us to meet. You may also leave a message on my mobile telephone or office voicemail or send me an e-mail. While I generally check my Rhodes campus e-mail on a daily basis, I maintain much more frequent access to my office e-mail and have access to it on my Blackberry. If there are any questions or issues of which all students need to be notified, I will e-mail everyone.

TEXTS AND READINGS


*Student Guide to the Sarbanes-Oxley Act,* Second Edition; South-Western CENGAGE Learning; Prentice and Bredeson (2010). (Selected Sections)


Supplemental readings and case studies distributed throughout the term.

GRADING

- Written Commentaries: 25%
- Personal Responses and Cases: 20%
- Class Presentation: 20%
- Final Essay: 20%
- Class Participation, Quizzes and Group Activities: 15%
The final grading scale is as follows:

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Grade</th>
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</thead>
<tbody>
<tr>
<td>94 – 100</td>
<td>A</td>
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<tr>
<td>90 – 93</td>
<td>A-</td>
</tr>
<tr>
<td>87 – 89</td>
<td>B+</td>
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<td>84 – 86</td>
<td>B</td>
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<td>80 – 83</td>
<td>B-</td>
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<td>77 – 79</td>
<td>C+</td>
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<td>74 – 76</td>
<td>C</td>
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<td>70 – 73</td>
<td>C-</td>
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<td>67 – 69</td>
<td>D+</td>
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<tr>
<td>64 – 66</td>
<td>D</td>
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<tr>
<td>60 – 63</td>
<td>D-</td>
</tr>
<tr>
<td>Below 60</td>
<td>F</td>
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</tbody>
</table>

**WRITTEN COMMENTARIES**

There will be five (5) written commentary assignments for both graduate and undergraduate students throughout the semester: personal statement, op-ed, book review, environmental / social responsibility critique and marketing critique. Each graduate student will be required to prepare and submit an additional written commentary assignment consisting of a proxy statement analysis. The specific requirements and allocated points for each assignment will be distributed in class during the semester. The due dates for each assignment are as listed on the class schedule. **Written commentaries must be turned in at the beginning of the class session at which the commentaries are due. If a student e-mails the commentaries to me, I must receive the e-mail prior to the beginning of the respective class.**

**PERSONAL RESPONSES**

During the course of the semester, you will be asked to submit various personal responses or reflections on an assigned reading or case. This assignment may be the case questions assigned for the day and/or other questions or reflections. Certain personal responses will only be required to be completed by graduate students in the course.

Each personal response should address the following issues (unless otherwise directed):

- **Main Points:** Briefly introduce and summaries the main points that the author is making in the particular assigned reading.
- **Issues of Interest:** What parts of the assigned reading did you find interesting? Why? (Discuss and relate to class material.)
- **Personal Ethics:** How can you relate the ideas presented in the assigned reading to your own values and ethics?
- **Workplace Ethics:** How could you as a business leader / manager integrate the ideas presented in the assigned reading to the workplace?

These responses should be critical analysis (beyond the main points summary) which presents an in-depth discussion of the ideas presented in the reading with a focus on the following
(where applicable): comparing and applying to the workplace; applying to your own values and ethics and comparing to ethical issues from class.

Each personal response is due at the beginning of the class session at which the response is due. If a student e-mails the personal response to me, I must receive the e-mail prior to the beginning of the respective class.

CLASS PRESENTATIONS

The class presentation will analyze the ethical practices of a specific corporation, as approved by the instructor, and incorporate the various topics discussed in class. The class presentations will be made in groups of two (2) to four (4) students, as assigned by the instructor. In addition to making an oral presentation to the entire class, each presentation group is required to submit a written version of your presentation; although, such written version may be in the form of an annotated outline. The presentations will be required to address specific issues and questions regarding the chosen corporation. Additional details regarding the class presentation will be distributed and discussed in sufficient time to provide adequate time for preparation.

FINAL EXAM

The final exam will consist of one or more directed questions and/or case analysis which will compromise one or more personal essays on your perspective on business ethics and will summarize and relate the student’s best thoughts on the themes of professionalism and business ethics. Your essay should reflect your personal viewpoint but be based on arguments discussed in class and in the assigned materials. The essay should evidence (a) that the student has read and reflected on all of the assignments in the course; (b) that the student has considered the application of the various theories and stakeholders presented and discussed in class; and (c) that the student has examined the possibility of personal growth and enhanced understanding of his or her own ethical standpoint. Further details regarding the final essay will be discussed in class.

PARTICIPATION AND ATTENDANCE

Regular attendance and active participation is vital to understanding the subject matter. This class is intended to be a combination of lecture, case analysis, presentations and discussions. Every student is expected to come to each class having read the assigned readings and case studies and to be able to participate in the discussions in class. You also should not come to class without your books and any other assigned readings for the respective class.
Each class will begin with a brief discussion of current business ethics events that have taken place since the previous class. A standing assignment is to read the news daily and bring any relevant topics to the attention of the class. Students should be prepared to discuss news reports or articles that relate to the topic assigned for that particular day or to a relevant contemporary business ethics issue, whether provided by the instructor or by the students.

This class is not intended to be solely a lecture class. Students are encouraged to participate and discuss the topics for each class session. In the event that students do not adequately participate, students may be called upon to discuss the readings and materials. If you are unprepared when called upon or do not have the class materials necessary to respond, your grade will reflect this performance. In addition, quizzes on the assigned reading for a class may be given from time to time. The participation grade will be based on the student’s participation in the classroom discussion, current events knowledge and group activities and the student’s performance on classroom quizzes.

All viewpoints and perspectives will be welcomed, appreciated and respected as will counterpoints to such views. There are few, if any, entirely right or wrong answers with this subject matter.

In order to facilitate a positive environment for class discussion, each student should turn off or silence his or her cell phone, Blackberry, iPhone or other similar device prior to the beginning of class. I will not tolerate any calls, e-mails, texting or other communication during our class. If you intend to bring your laptop to class, you may only use it for taking notes and other class-related activities. In addition, talking and “side-discussions” will not be tolerated.

Class participation will be considered a component of the student’s grade as indicated above. Participation will be evaluated on quality of discussion, not just on quantity of discussion. More than one (1) unexcused absence will negatively affect a student’s grade.
# Class Schedule

(SUBJECT TO REVISION WITH ADVANCE NOTICE)

<table>
<thead>
<tr>
<th>DATE</th>
<th>TOPIC AND READINGS</th>
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<tbody>
<tr>
<td>JANUARY 12</td>
<td><strong>Introduction and Framework</strong></td>
</tr>
<tr>
<td></td>
<td>Ethical Situation Scenarios</td>
</tr>
<tr>
<td></td>
<td><strong>Personal Responsibility Statement</strong></td>
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<tr>
<td>JANUARY 19</td>
<td><strong>Importance of Business Ethics</strong></td>
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<tr>
<td></td>
<td>Ferrell, Chapter 1</td>
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<tr>
<td></td>
<td>Audi, Chapter 1</td>
</tr>
<tr>
<td></td>
<td>“The Great Grocery Smackdown” (The Atlantic, March 2010)</td>
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<tr>
<td></td>
<td><strong>Case 2: Wal-Mart: The Future is Sustainability</strong></td>
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<tr>
<td></td>
<td><strong>Frontline: Is Wal-Mart Good for America?</strong></td>
</tr>
<tr>
<td>JANUARY 26</td>
<td><strong>Stakeholder Relationships and Social Responsibility</strong></td>
</tr>
<tr>
<td></td>
<td>Ferrell, Chapter 2</td>
</tr>
<tr>
<td></td>
<td>Audi, Chapters 2 &amp; 3</td>
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<tr>
<td></td>
<td>“Letter from Birmingham Jail” (Martin Luther King, Jr.)</td>
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<tr>
<td></td>
<td><strong>Case 1: Monsanto Attempts to Balance Stakeholder Interests</strong></td>
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<td><strong>Case 17: Home Depots Implements Stakeholder Orientation</strong></td>
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<td></td>
<td><strong>Op-Ed Commentary Due</strong></td>
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<tr>
<th>DATE</th>
<th>TOPIC AND READINGS</th>
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</table>
| FEBRUARY 2 | **EMERGING BUSINESS ETHICS ISSUES**  
                      **FERRELL, CHAPTER 3**  
                      **AUDI, CHAPTERS 8, 9 & 10**  
                      “FOOD FIGHTER: DOES WHOLE FOODS’ CEO KNOW WHAT’S BEST FOR YOU?” (THE NEW YORKER, JANUARY 4, 2010)  
                      **CASE 7: STARBUCKS’ MISSION: SOCIAL RESPONSIBILITY AND BRAND STRENGTH**  
                      **ABC NEWS: FOOD WITH INTEGRITY** |
| FEBRUARY 9 | **ACCOUNTING AND CORPORATE GOVERNANCE: ARTHUR ANDERSEN & ENRON**  
                      **AUDI, CHAPTER 7**  
                      **ADDITIONAL READING TO BE DISTRIBUTED**  
                      **CASE 5: ARTHUR ANDERSEN: QUESTIONABLE ACCOUNTING PRACTICES**  
                      **CASE 12: ENRON: QUESTIONABLE ACCOUNTING LEADS TO COLLAPSE**  
                      **FRONTLINE: BIGGER THAN ENRON** |
| FEBRUARY 16| **INSTITUTIONALIZATION OF BUSINESS ETHICS**  
                      **CORPORATE REFORM IN THE UNITED STATES**  
                      **FERRELL, CHAPTER 4**  
                      **AUDI, CHAPTER 4**  
                      **THE SARBANES-OXLEY ACT**  
                      **CEO / CFO CERTIFICATIONS**  
                      **UNITED STATES DEPARTMENT OF JUSTICE: THE THOMPSON MEMO**  
                      **THE PUBLIC’S PROFESSION: A SPEECH BY SEC CHAIRMAN (ARTHUR LEVITT)**  
                      **CLASS PRESENTATIONS: GROUPS 1 & 2** |
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<tr>
<th>DATE</th>
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| FEBRUARY 23| **INDIVIDUAL FACTORS: MORAL PHILOSOPHIES AND VALUES**  
|            | **PERSONAL VALUES AND PROFESSIONAL RESPONSIBILITY**  
|            | **Ferrell, Chapter 6**  
|            | **Audi, Chapter 2**  
|            | **Moral Philosophical Case Scenarios**  
|            | **Case 3: The American Red Cross**  
|            | **Class Presentations: Groups 3 & 4**  
|            | **Book Review Due**                                                                                                                                 |
| MARCH 2    | **Organizational Factors: The Role of Ethical Culture and Relationships**  
|            | **Ferrell, Chapter 7**  
|            | **Case 11: The Coca-Cola Company Struggles with Ethical Crises**  
|            | **Case 16: Petco Develops Successful Stakeholder Relationships**  
|            | **Class Presentations: Groups 5 & 6**                                                                                                                                 |
| MARCH 9    | **The Ethics of Marketing**  
|            | **Audi, Chapter 6**  
|            | **Additional Reading to be Distributed**  
|            | **Case 15: Mattel Responds to Ethical Challenges**  
|            | **Frontline: The Persuaders**  
|            | **Marketing Critique Due**                                                                                                                                 |
| MARCH 16   | **Spring Recess**                                                                                                                                 |


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| March 23   | **Ethical Leadership and Executive Compensation**  
Ferrell, Chapter 5  
Audi, Chapter 11  
Berkshire Hathaway Inc. Letter to Shareholders (Warren E. Buffett)  
The Parable of the Sadhu (Bowen H. McCoy)  
Case 14: Tyco International: Leadership Crisis  
Supplemental Case: Martha Stewart  
**Class Presentation: Group 7** |
| March 30   | **Financial Crisis: The Banking Industry**  
Reading to be Distributed  
Case 4: Countrywide Financial: The Subprime Meltdown  
Case 6: Coping With Financial and Ethical Risks at American International Group (AIG)  
Case 10: Banking Industry Meltdown: The Ethical and Financial Risks of Derivatives  
**Frontline: Inside the Meltdown** |
| April 6    | **Business Ethics in a Global Economy**  
Ferrell, Chapter 10  
Audi, Chapters 12 and 13  
Case 9: Nike: Managing Ethical Missteps – Sweatshops to Leadership in Employment Practices  
**Class Presentations: Groups 8 & 9** |
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<tr>
<th>DATE</th>
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</table>
| APRIL 13          | **PONZI SCHEMES AND FRAUD: BERNIE MADOFF**  
 |                   | Reading to be Distributed  
 |                   | Case 8: The Fraud of the Century  
 |                   | Frontline: The Madoff Affair  
 |                   | **CLASS PRESENTATION: GROUP 10**  
 |                   | **PROXY STATEMENT WRITTEN COMMENTARY DUE (GRADUATE STUDENTS ONLY)**                                                                                                                                                  |
| APRIL 20          | **DEVELOPING, IMPLEMENTING AND AUDITING AN EFFECTIVE ETHICS PROGRAM**  
 |                   | Ferrell, Chapters 8 and 9  
 |                   | Corporate Whistleblower Policies and Business Codes of Conduct  
 |                   | **CLASS PRESENTATIONS: GROUPS 11 & 12**                                                                                                                                                                             |
| APRIL 27          | **ETHICS AND THE ENVIRONMENT**  
 |                   | Audi, Chapter 5  
 |                   | Additional Reading to be Distributed  
 |                   | Case 13: BP Gulf Coast Disaster and Recovery (Handout)  
 |                   | Case 18: New Belgium Brewing: Ethical and Environmental Responsibility  
 |                   | Frontline: The Spill  
 |                   | **ENVIRONMENTAL / SOCIAL RESPONSIBILITY COMMENTARY DUE**                                                                                                                                                             |
| SATURDAY, MAY 7   | **FINAL EXAM**                                                                                                                                                                                                     |
| 1 PM              |                                                                                                                                                                                                                   |