



GRAZIADIO SCHOOL OF BUSINESS AND MANAGEMENT

## Dean's Letter

It is a privilege to be a part of the PRME network. Given that our mission in the Graziadio School is to develop values-centered leaders and advance responsible business practice through education that is entrepreneurial in spirit, ethical in focus and global in orientation, our efforts are in direct alignment with the PRME principles. As a professional school growing out of the tradition of a Christian University, we seek to impact positively both society at large, and the organizations and communities in which our students and graduates are members. Therefore, we affirm a higher purpose for business practice than the exclusive pursuit of shareholder wealth. We believe that successful management seeks collective good along with individual profit and is anchored in core values such as integrity, stewardship, courage, and compassion.

Given this, we put considerable effort into ensuring that we are engaged in continuous improvement efforts in support of our learning experiences, research, and connections to the business community that lead to the development of sustainable social, environmental, and economic value.

Our annual PRME report will illustrate the many ways in which we are accomplishing this across our faculty, in our various degree programs, in collaboration with our business, educational, and non-profit partners, and in our scholarly activity.



We look forward to the significant progress we will continue to make in the years ahead in support of our school's mission and the PRME principles. We are deeply committed to being a part of developing a new generation of business leaders capable of managing the complex challenges faced by business and society, and we look forward to working with others in this worthy endeavor.

*Linda Livingstone, Ph.D*

Dean and Professor of Management  
Graziadio School of Business and Management  
Pepperdine University

**Principal 1: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.**

### **Overview**

The Graziadio School of Business and Management is focused on developing business leaders for the demands of the 21<sup>st</sup> century who possess the technical skills that arise from rigorous academic courses, as well as programs designed to provide real-world experience relevant to a sustainable global economy.



### **Our Achievements**

#### **SEER Certificate Program**

The Social, Environmental, and Ethical Responsibility (SEER) Certificate has been developed over the last year and will officially launch in the Fall of 2010. The objective of the SEER certificate is to allow interested students to enhance their graduate business school experience and provide the opportunity to earn a certificate that would strengthen understanding of strategic issues in business and provide an added credential for career development. Students are also required to participate in a SEER Service Requirement that involves membership in Net Impact and out-of-class service ranging from participating in the Graziadio Without Borders Program to volunteering or developing a SEER-focused business plan for the Graziadio Business Plan Competition. Former Patagonia CEO, Michael Crooke, Ph.D. has joined the faculty as a Distinguished Visiting Professor of Business Practice at the Graziadio School of Business and Management. He will teach the Responsible Business Practice Capstone course.

#### **Beyond Grey Pinstripes Ranking #61**

The Graziadio School of Business and Management is proud to be listed number 61 on Aspen Institute's world-wide ranking. This biennial ranking of business schools spotlights innovative full-time MBA programs that are integrating issues of social and environmental stewardship into curricula and research. The Graziadio School of Business and Management offers 31 qualifying courses ranging from Managing in the Legal, Ethical and Governmental Environment, to Corporate Responsibility and Business Ethics.

#### **Baylor Business Ethics Case Competition 1st Place**

The Graziadio Business Case Competition team won 1st place at the 2009 MBA Business Ethics Case Competition held at Baylor University.

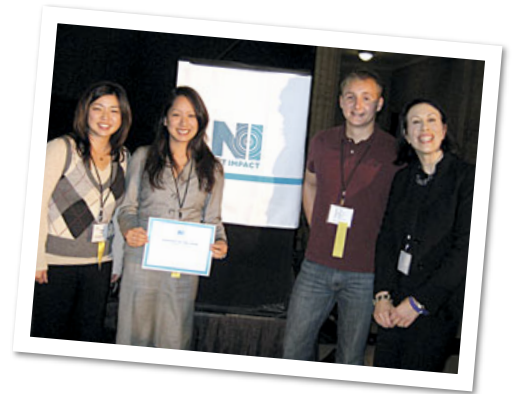
## Social Enterprise Week

Social Enterprise Week is an annual event where student clubs at the Graziadio School of Business and Management host a week of events to communicate the value of social and environmental responsibility, as well as sound ethical practices in business. In 2010, the Finance club presented an event on CSR and Earnings Reporting. The National Association of Women MBAs (NAWMBA) club held a panel discussion on Achieving the Feminine Triple Bottom Line. The school's Challenge for Charity club organized a charity 5K/10K race that raised thousands of dollars and brought the community together to support children with special needs.



## Magill Symposium

In March of 2010, Graziadio organized the Magill Business Symposium, entitled "Ideas into Action: From Inspiration to Social Change." Speakers from a cross section of industries spoke on a variety of experiences of personal and professional impact in the social and ethical areas of business. A sample breakout session topic was "Doing Well while Doing Good - The Truth about Building a Successful Socially-conscious For-Profit Enterprise." The keynote speaker was Dan Bross, Senior Director of Corporate Citizenship, Microsoft. He spoke about social accountability and the future of business leadership.



**Principal 2: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.**



## Overview

The Graziadio School of Business and Management integrates a global focus across many of its course offerings and in a variety of one-week abroad programs. Additionally, several academic activities provide students with opportunities to enhance their understanding of and participation in global social responsibility.

## Our Achievements

### Environmental Entrepreneurship Development: One Week Study Abroad Global Program in Patagonia, Chile

The Graziadio School of Business and Management has developed a Global Business Intensive Course “Environmental Entrepreneurship Development,” which provides students with a unique opportunity to learn about sustainable, environmentally conscious business practice and how such business practice can lead to profitability and success. The Global Business Intensive trip focuses on critical aspects of doing business in the global economy and course content will focus on sustainability in a global context. In addition, students will be engaged in hands on work in the Patagonia National Park to enhance its environmental impact. This trip is taught by full time faculty member, John Mooney, and the Senior Director of Product Development at Patagonia Inc., Tetsuya Ohara. This innovative course will be offered in collaboration with Conservación Patagonia, a nonprofit charity protecting roughly 450,000 acres of wild land in Patagonia and applying an entrepreneurship spirit toward land conservation, restoring wild land ecosystems and biodiversity.

### Going Global with Graziadio Curriculum Innovation

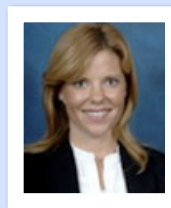
Twenty-five students inaugurated a new curriculum innovation called Going Global with Graziadio or G3 in which MBA teams worked with a high-growth U.S. company to help it expand into overseas markets. The goal behind this initiative was to take the Education to Business approach and apply it to create a new experiential global business course. Students teamed up with Solid Concepts, a California-

based leader in rapid product development and low volume manufacturing in the US. Divided into five teams, the class was tasked with recommending a plan for how Solid Concepts might enter the international market. Two students per team were required to travel to the export country to conduct primary research.

### Graziadio Without Borders

Graziadio Without Borders is a student-driven initiative which seeks to cultivate a sustainable initiative devoted to international economic development within a socially responsible framework. Through collaborative relationships, MBAs provide consultation services to small businesses and social entrepreneurs in developing countries. With hands-on, real-world application of business skills learned in the classroom, Graziadio Without Borders aims to help fight poverty and support sustainable growth in developing countries.

### *My Global Experience*



Amy Hauser  
IMBA 2008

*The four days were packed with information and experiences to help develop my capabilities as a leader and manager. The insight into plant operations at Plantronics, Dynamic Plastics and Teledyne made me realize the complexities of doing business outside the U.S.*

*The panel presentations and frank discussion with business leaders from Deloitte and Touche increased my understanding of the business environment in Mexico.*

**Principal 3: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.**

**Overview**

The Graziadio School of Business and Management weaves ethics and values into its curriculum, educating students from orientation to case studies. Additionally, the curriculum emphasizes applied learning, not just theory, so students are 100% prepared when they graduate.



**Our Achievements**

**Education to Business (E2B)**

Pepperdine's E2B (Education to Business) Applied Learning Program connects the needs of MBA students to that of the business community through solution-driven programs. Students and faculty work directly with partner companies to identify strategic solutions to actual business problems facing the organization. Real-time MBA-level case projects bring executives and students together in the classroom to solve real business issues. One such class is the E2B Course titled "Creation of a Sustainability Audit." This course is part of the SEER Certificate courses that will be offered to students with the launch of the Certificate in Fall 2010. It is taught by the Director of Pepperdine University's Center for Sustainability and leverages the skills of current MBA students to help with the school's sustainability efforts. Students gain hands-on experience in crafting a sustainability plan for the University and the University gains fresh insight and additional resources to help with environmental and sustainability initiatives.

**Global Programs**

Pepperdine enables students to gain direct insight into the global marketplace — and earn course credit — through study abroad programs. Students have an opportunity to visit international businesses and experience the culture at over 33 prestigious partner universities all over the world.

**Partner Companies**

The Coca-Cola Company	ABC - TV	Farmer's Insurance Group
Starbucks Coffee Company	The Walt Disney Company	Wachovia Group
Experian	Ticketmaster	Raytheon Company
Baxter Bioscience	Time Warner Cable	Volvo Cars of North America

## SEER Certificate Courses

Below are Fall courses that provide students with an educational framework for responsible leadership:

### Leadership and Organizational Success

Based upon the premise that leadership is critical for organizational success, this course investigates the nature of leadership and its role in this success. The principal objective of this course is to prepare individuals to better understand and assume leadership roles. Theories of leadership are tied to case situations using excerpts from classic literature and films.

### Multi-Attribute Decision Analysis

One of the major classes of problems in the field of decision analysis is one-time decisions where a group of alternatives must be compared on the basis of multiple (and possibly competing) goals and objectives. This type of problem, called a multi-attribute decision, is found in many resource allocation and policy-making applications. As leaders in business increasingly consider the social and environmental consequences of their firms' actions, the ability to solve multi-attribute decision problems is becoming progressively more important. There are also many personal decision-making problems that involve multiple attributes (both quantitative and qualitative), such as choosing a job or purchasing a home. The challenge in this type of decision is to create a "value model" that allows explicit comparisons between alternatives that often differ in many ways.

### Doing Business in Emerging Markets

The course provides an introductory overview of international business focusing on the major emerging market economies. Emphasis is on the important factors that influence a company's selection of the countries in which to market, including the following topics: globalization and international business, emerging market

characteristics, factors to be considered in selecting specific countries, identification and evaluation of entry strategies, and analysis of human resources and corporate social responsibility. Emphasis is placed on salient country-specific factors that are important determinants for successfully launching products in selected major emerging markets.

### Environmental Law and Business

This course examines the complex array of environmental legal mechanisms and policies that are implemented at the local, national, and international levels and which impact business and management decisions. Employing a strong emphasis on critical thinking skills and values, the course requires a student to study ethical considerations and value assumptions associated with business and the environment. Topics covered include environmental legal issues on air quality, water quality, toxic substance control, waste management responsibilities, and energy and natural resources. Specific attention is given to international environmental issues.

### The Role of Business in Society

This course prepares tomorrow's business leaders to meet the challenges and competitive opportunities of today's global economy and market place by exploring the intersection of culture, business strategy, shareholder return and social issues. Discussions will cover a range of topics including the role of business in society; sustainable business models; and leadership competencies. Learning activities require students to be actively involved as they will be modeled on the range of experiences business leaders face in today's dynamic and diverse corporate cultures.

## Principal 4: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

### Overview

The Graziadio School of Business and Management established a Center for Applied Research. According to Dean Linda A. Livingstone, "The Center for Applied Research supports the mission of the George L. Graziadio School of Business and Management to develop values-centered leaders and advance responsible business practice."

Advancing the school's ongoing five-year strategic plan, the new center will provide a focal point for the Graziadio School's long-standing emphasis on knowledge and education that has direct application and relevance for working professionals and their organizations.

### Our Achievements

#### 2009 Moskowitz Prize for Socially Responsible Investing

Graziadio professor Meretno (August) Harjoto researched the possible link between corporate bottom-lines and the actual performance by companies aspiring to be more socially responsive, as impacted by pressures on their corporate reputation. The study earned Harjoto and his co-authors, the prestigious 2009 Moskowitz Prize for Socially Responsible Investing at the SRI in Colorado, the largest and longest-running sustainable and responsible investing conference in the world. The Moskowitz Prize is awarded annually by the Center for Responsible at UC Berkeley's Haas School of Business in cooperation with the Social Investment Forum. The prize is the only global award recognizing outstanding quantitative research in the field of socially responsible investing.

#### Best Paper Award for Research in Ethics

Ascendant Scholar and Graziadio professor, Kevin Groves, presented two papers at the Western Academy of Management Conference in Kona, HI. Both papers were nominated for the conference's Best Paper Award. In the abstract for the paper Leader Ethical Values as Key Antecedents to Transformational and Transactional Leadership, Dr. Groves wrote:

*While several leadership scholars have suggested that the transformational leadership process is predicated on a different set of ethical values than transactional leadership, very little empirical research has demonstrated such a relationship. Several theoretical studies have asserted that deontological ethics should be associated with transformational leadership while transactional leadership is likely related to teleological ethics. Data from 122 organizational leaders and 458 of their followers indicated that leader deontological ethical values (altruism, universal rights, Kantian principles) were strongly associated with follower ratings of transformational leadership, while leader teleological ethical values (utilitarianism) were related to follower ratings of transactional leadership. As predicted, only transformational leadership was associated with follower beliefs in the importance of corporate social responsibility.*

**Select publications of Graziadio's faculty research in social, environmental, and ethical matters:**

Feyerham, Ann, and Christopher Worley. "Forward to the Past: Reclaiming OD's Influence in the World." *Organization Development Practitioner* 40.4 (2008): 3-9.

Hahn, Warren, Carlos Bastian-Pinto, and Luis Brandao. "The Role of Sugarcane Ethanol in the Developing Biofuels Market." *Dialogue; United States Association of Energy Economics* 16.3 (2008).

Groves, Kevin, Charles Vance, and Yongsun Paik. "Linking linear/nonlinear thinking style balance and managerial ethical decision-making." *Journal of Business Ethics* 80 (2008): 305-325.

McPeak, Chuck, and Nina Tooley. "Do Corporate Social Responsibility Leaders Perform Better Financially?" *The Journal of Global Business Issues* 2.2 (2008): 1-5.

Hunt, Charles. "Discrimination In The Workplace." *The Journal of Global Business Management* 4.2 (2008).

Bumgardner, Larry. "A Brief History of the 1930s Securities Laws in the United States - And the

Potential Lesson for Today." *The Journal of Global Business Management* 4.1 (2008): 39-45.

Bumgardner, Larry. "High CEO Pay Could Draw Renewed Attention in Election Year. How effective are the SEC's new pay disclosure rules?" *Graziadio Business Report* 11.2 (2008).

Harjoto, Maretno, and Hoje Jo. "Corporate Social Responsibility and Operating Performance." *Journal of Academy of Business and Economics* 8.1 (2008).

Stanley, Darrol. "Crisis in America: A nation at risk." *Graziadio Business Report* 11.4 (2008).

Atwater, Donald, and Daniela Pop. "Where do Older Workers go?" *Graziadio Business Report* 11.3 (2008).

Stanley, Darrol, and Christopher Herb. "The Moral and Financial Conflict of Socially Responsible Investing." *Graziadio Business Report* 10.1 (2007).

Egan, Terri, and Ann Feyerham. "Emotional Dynamism: Playing the Music of Dynamism." *Graziadio Business Report* 10.2 (2007).



**Principal 5: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.**

### **Overview**

The Graziadio School of Business and Management has a long history of fostering an applied learning environment. This enables students to make an immediate impact on organizations. The Graziadio School of Business and Management has worked closely with the business community in order to both give back and help develop the community. This close relationship has allowed students to gain industry experience, develop lifelong relationships, and find success.

### **Our Achievements**

#### **Education to Business (E2B)**

The Graziadio School of Business and Management's E2B classes consult with local businesses in order to solve problems and provide students with a lab in which they can practice and hone their recently acquired business skills. The E2B program was a natural fit because of The Graziadio School of Business and Management's focus on applied learning. While the projects range from accounting to marketing, social and environmental issues are continually addressed. Students are driven to make the right choices and made aware of how their decisions impact a company's social and environmental responsibilities.

#### **Patagonia Recycling Project**

The Graziadio School of Business and Management students are collaborating with the Rhode Island School of Design and Patagonia's product development group, led by Tetsuya O'Hara, in order to find recycling techniques and processes for more products. This partnership stems from Patagonia's commitment to create quality products that respect the environment. Over the course of the project, students will investigate how items such as laptop computers can be disassembled efficiently. Students are also investigating potential uses for the various components.



#### **Presidential and Key Executives Program**

The Graziadio School of Business and Management Offers a program specifically for President and Key Executives. This program is structured around an intimate cohort to build close relationships in order to provide a safe environment to discuss current issues that executives face in their organizations. The basis of the program is centered on values-centered leadership. "Pepperdine's theme of values-centered leadership definitely comes through in the faculty and advisors," said Randy Riggs, Area Vice President, DePuy Spine/Johnson & Johnson. The Presidential and Key Executive program has a direct and immediate impact on how businesses are led.

**Principal 6: We will facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.**

### **Overview**

The Graziadio School of Business and Management strives to not only develop talented, value-centered leaders, but also looks for ways to share knowledge with communities. It facilitates this through supporting dialogue among educators, businesses, government agencies, consumers, media, and other interested stakeholders on critical issues related to global social responsibility and sustainability.

### **Our Achievements**

#### **Beijing's Water Crisis - Starting in 2005**

The Graziadio School of Business and Management has worked with the Chinese Association for Non-Governmental Organizations (CANGO) to bring awareness to multiple stakeholders and develop a plan to act on issues of water conservation and quality. The Graziadio School of Business and Management developed a series of three full-day events, which were attended by over 60 stakeholder representing business, government, NGOs, and educational institutions. This project resulted in Professor Ann Feyerherm speaking at the June 2, 2009 Global Forum for Business as an Agent of World Benefit Conference.

#### **Dean's Executive Leadership Series**

The Dean's Executive Leadership Series is designed to bring high level executives to our community and provide a forum where they can share their views about current business issues. The series is hosted by the Graziadio School of Business and Management and supported by corporate sponsors. Both business leaders and students are invited to attend these monthly events and they are held at various locations around the Los Angeles area to accommodate members of the business community. Recent speakers have included: Elizabeth Lowery, VP Environment, Energy and Safety Policy at General Motors; Brian Moynihan, CEO Bank of America; Leslie Marggolin, President and General Manager Anthem Blue Cross; Julia Stewart, Chairman and CEO of Dine Equity; Kathryn Karlic, President of Institutional Sales and Marketing GE Asset Management.

#### **Magill Symposium Ethics Case Competition**

The Magill Symposium is a lecture series where top industry professionals are invited to lecture and debate current social and environmental issues. To reinforce the topics covered during the Magill Symposium, the event concludes with a case competition focused on ethics. The case competition is judged by industry professionals and offers students an opportunity to enhance their technical skills while exposing them to challenging ethical business, social, and environmental issues.

## Values Centered Leadership Lab

The Values Centered Leadership Lab (VCLL) is a student-run organization supporting leadership collaboration between the academic and business worlds. The lab supports activities and events that strengthen the presence of ethical practices and social responsibility in corporate management and entrepreneurship, demonstrating that there is a market for both profit and purpose in today's business environment. By bringing to campus speakers who voice issues related to corporate social responsibility and hosting an annual internal ethical case competition, VCLL strives to support the importance of ethical standards in business practice.

## Pepperdine Net Impact

Net Impact is an international nonprofit organization with a mission to inspire, educate, and equip individuals to use the power of business to create a more socially and environmentally sustainable world. Pepperdine's Net Impact chapter is very active and brings in industry leaders for panel discussions, plans company visits to responsible businesses, and helps coordinate the Magill Business Symposium and Social Enterprise Week every year. Additional achievements include the successful launch of Graziadio Without Borders in 2009 and the championing of the SEER Certificate.



## Future Perspectives

### The Institute for Values-Centered Leadership

The Graziadio School's strategic initiative, "Distinctive Leadership: 2015," identifies the Institute for Values-Centered Leadership, as a future goal. The School is seeking a \$3 million endowment to launch the Institute. The Director will be responsible for operations related to the SEER Certificate Program, organizing and coordinating conferences associated with social and environmental issues, and work with the Graziadio Center for Applied Research in encouraging and supporting faculty research specific to sustainability and ethical practice. In addition, the Institute will engage corporate sponsors who support SEER concepts for the purpose of providing experiential opportunities for students as well as offer internships in social and environmental responsibilities/tasks within the organization.

## Sustainability On Campus

### Recycling

Every item disposed of at Pepperdine is recycled with an average diversion rate of 78% of the overall campus waste stream. This means that of all the refuse disposed of at Pepperdine, a full 78% of it is diverted from landfills and ultimately reused recycled or composted, while only 22% ends up in a landfill.

### Energy Monitoring

Pepperdine utilizes an Energy Management System (EMS) to control most of the HVAC equipment, some lighting on campus, and to monitor a waste water flow station. Pepperdine can monitor and make adjustments to equipment by any computer on or off campus. The EMS incorporates energy saving techniques which include: turning the equipment on and off by using schedules; variable cooling and heating set points based on temperature conditions; variable air handler static supply air pressure based on building requirements; turning chillers and boilers off when not needed to maintain temperature set points; and using air handler economizers to maintain temperature set points. The EMS gives Pepperdine the ability to monitor and make changes quickly and keep students, faculty, and staff in as much comfort as possible while minimizing the amount of energy used. The EMS also provides troubleshooting capabilities so that most problems can be analyzed and corrected quickly.

### Irrigation Monitoring

Pepperdine University operates an irrigation monitoring program specifically designed to conserve water and reduce runoff from campus. The resulting recycled water is used for 99% of campus irrigation, which would otherwise require "new" water. Pepperdine stores the reclaimed water in two lakes on campus. The lakes are regularly cleaned and the material removed from the bottom of the lakes is used as a natural fertilizer throughout campus. The irrigation schedule is administered by an advanced automated central control system based upon historical irrigation practices. The system adjusts according to current climatic conditions.