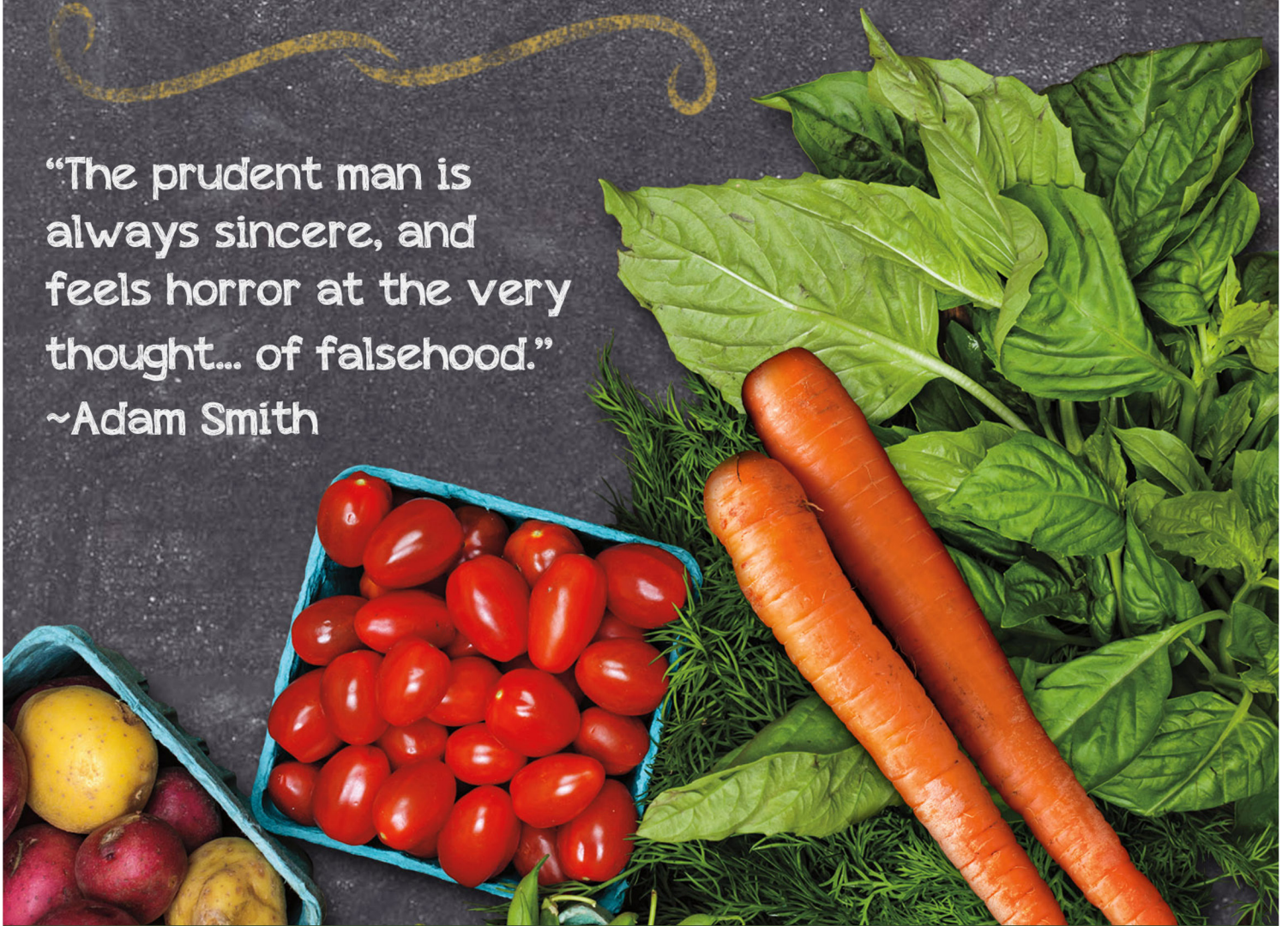


Morality in the Marketplace

“The prudent man is
always sincere, and
feels horror at the very
thought... of falsehood.”
~Adam Smith



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Video Page



Morality in the Marketplace

Teacher's Guide

This Teacher's Guide includes the following:

- Suggested Lesson Plan
- Preview Questions
- Key Terms
- Viewing Guide
- Discussion Questions
- Activity: Who Chooses
- Quiz
- Enrichment and Integration Activities
- Answer Key

Suggested Lesson Plan

These materials may be used in a variety of ways. For maximum benefit, we suggest the following lesson plan:

- As a class, discuss the Preview Questions and Key Terms.
- Distribute copies of the Viewing Guide for students to use as a note-taking tool during the video.
- Play the video, pausing if needed to facilitate understanding and note-taking. (Note: You may want to turn on subtitles and/or provide students with a copy of the transcript, available on the izzit.org website.)
- Review and discuss answers to the Viewing Guide using Answer Key as a guide.
- Use Discussion Questions to spark class discussion, or assign these questions as homework.
- As a class or in small groups, complete the Who Chooses Activity.
- Replay the video as preparation for the Quiz.
- Administer and grade the Quiz using Answer Key as a guide.
- Optional: Assign one or more Enrichment Activities as homework.

Morality in the Marketplace

Preview Questions

(These questions are meant to be read aloud by the teacher or be used in a Think, Pair, Share exercise.)

1. If you found a wallet, would you return it intact? Would you take the money but return the wallet? Would you take the money and throw the wallet away?
2. What *should* you do? Why do you think that way? Is that an issue of *your* honesty?
3. Do you think most business people and entrepreneurs are honest? Explain.
4. Do business care about their customers? Should they? Explain.

Use Think, Pair, Share to have students answer the preview questions. Ask the students to look for similarities and differences in their answers and to discuss why they answered the way they did. After a few minutes, poll the students and ask them to explain their answers.

A video explanation of Think, Pair, Share:

<https://www.teachingchannel.org/videos/think-pair-share-lesson-idea>

Morality in the Marketplace

Key Terms and Definitions

Cutthroat – n., overly intense in action, ruthless

Extricate – n., to distinguish separately; disengage, sever

Impartial Spectator – Adam Smith’s concept of the person within us who makes our moral judgements and the determines the appropriateness of our actions, and who, by putting oneself in others’ shoes, sympathizes and approves of another’s action or doesn’t sympathize, and so disapproves and determines the feelings and actions of another to be improper.

Moral Compass – the inner self that determines right and wrong, similar to Adam Smith’s impartial spectator

Moral Dilemma – a conflict in which one is faced with a choice between or among options, each of which has a moral reason for its selection.

Morality – n., system of values that distinguishes between right and wrong

Philosopher – n., a person involved in rational inquiry into knowledge and truth, and who seeks wisdom and enlightenment

Scottish Enlightenment – eighteenth-century Scotland experienced a flourishing of rational thought and a focus on reason as the best way to improve the human condition. This period is often described as Scotland’s “Golden Age.”

Sine qua non – n., Latin for absolutely needed, an indispensable ingredient

Name: _____

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Morality in the Marketplace **Viewing Guide**

1. He was a Scotsman named Adam Smith, a moral philosopher and the world's first _____.
2. The earliest human beings, he thought, lived in a dangerous world, and had to _____ to survive. And that meant using signs and sounds. From these first signs and sounds and under the pressure of life, language developed.
3. Smith took a kind of evolutionary view 100 years before Darwin. He knew that there was something in us as social creatures that made us follow a moral path, because if we didn't, if we went around robbing, and stealing, and killing each other, then we wouldn't get very far as a _____.
4. We turn in on ourselves, and we start to have conversations with ourselves, internal, private conversations. And the funny thing about these internal conversations is that they are with a fictitious person, and he calls it an "_____."
5. Most businesspeople are honest and ethical. In fact, it turns out that the more ethical they are, the better the _____ performance.
6. We want to sell healthy food to people, help people to reach their _____ through having good health.
7. Smith understood that you're going to be better at business if you can understand your _____ and generally sympathize with them, as well as understanding and sympathizing with your employees.
8. And I think what's really nice about this, and companies that are able to be mission driven and purpose driven, and still be profitable, is that when you put that out there for people to choose, there are people who choose it, and there are people who will vote with their dollars... right? And do it because that's what's valuable to them. So I think that's nice, it's about _____.

Morality in the Marketplace

Discussion Questions

1. Who is Adam Smith and why is he so important?
2. What two books is Adam Smith best known for?
3. What is the connection between how language developed and how morality developed?
4. According to Adam Smith, What is morality? How is morality “within ourselves”?
5. How does Smith say people acquire values? What is the connection between our values and how we want to be perceived?
6. If we did go around robbing, stealing, and killing each other, what would our world look like? Would we have risen out of poverty? Would we have advanced technologically? Explain.
7. Adam Smith wrote, “The natural effort of every individual to better his own condition...is so powerful, that it is, alone ... capable of carrying on the society to wealth and prosperity.” What does that mean?
8. Who or what is the “impartial spectator”?
9. Why do we care what people think of us? How does that translate into the behavior of businesspeople and entrepreneurs?
10. How does Whole Foods reflect the observations of Adam Smith?
11. What was Whole Foods’ vision?
12. Why would Whole Foods want to sell healthy food to people? Why do their customers matter? Why do their (Whole Foods’) employees matter?

13. What's so great about being on *Fortune's* "100 Best Companies to Work For" list? What advantages might exist for companies whose employees enjoy working there?
14. John Mackey said that creativity and innovation come from their team members—the company's employees. Why do creativity and innovation matter?
15. Aren't the bosses supposed to be the experts? Wouldn't they know what is best for the company? Aren't they the ones being paid to look out for the company? So why have a bottom up approach?
16. If this bottom up approach works so well for Whole Foods, why don't more companies use it?
17. Eamonn Butler said that many institutions, such as language and markets, are the result of human action, not human design. What does he mean?
18. Can that concept—that we don't need a central planning authority—apply to government too, or is the role of government to do just that: to tell us what to do?
19. Lindsay Mucha said that people vote with their dollars. Have you ever voted with dollars? What does voting with dollars even mean?
20. Adam Smith did not believe that most people were greedy and selfish. He noticed that greedy and selfish people had a hard time getting others to cooperate or help them. Why might that be true?
21. What is the connection between Adam Smith's views about morality in the marketplace and the Whole Foods approach to its customers and workers?

Morality in the Marketplace

Activity:

Who chooses? Who benefits? Who pays? What's fair?

[These four questions can be a useful tool for evaluating any policy or system. Posing the questions is a great way to stimulate critical thinking.]

As a class, or in small groups, discuss the following:

(For each question, think broadly about all the possible people or groups of people who may be affected, and remember there may be non-monetary costs and benefits.)

- I. Who chooses morality in the marketplace? Who chooses how staff will behave at a place of employment? Is it strictly up to the owners/managers/bosses? Who chooses which businesses to purchase from/deal with? Is that choice different in a free market compared to a centralized economy?
- II. Who benefits from moral, ethical businesses? How do they benefit?
- III. Who pays for morality in the marketplace? Is there a cost associated with it? What kinds of costs? Are there costs associated with immorality in the marketplace? Who pays those costs?
- IV. What's fair?
 - a. Businesses every year lose money because people steal from them – shoplifting is one example. They must account for this by charging everyone higher prices to make up for the theft. Is this fair? Why/why not? What other solution(s) could you offer?
 - b. Suppose a business has a reputation for cheating its customers or selling poor products. Is that fair? How can customers protect themselves?

Related questions:

- Who chooses the values that people in society have?
- Who chooses what products businesses sells?
- Who benefits from these internal conversations, the impartial spectator that Adam Smith wrote about?

Related questions, continued:

- Who benefits from the Whole Foods stakeholder philosophy that John Mackey discussed?
- Who benefits from creative and innovative employees?
- Who benefits from Whole Foods being on *Fortune*'s "100 Best Companies to Work For" list?
- What choices do people have when they go food shopping?
- What is a fair way to: 1) run a business? 2) deal with employees? 3) deal with consumers?
- Who has benefitted from the progress of the last 250 years?

Name: _____

Date: _____

Morality in the Marketplace Quiz

1. Adam Smith was not just an economist, he was a
 - A) Scottish ruler.
 - B) famous sailor.
 - C) magazine publisher.
 - D) moral philosopher.

2. Adam Smith developed the idea of the
 - A) impractical spokesman.
 - B) impractical jokers.
 - C) impartial spectator.
 - D) impartial supervisor.

3. Like language, morality developed through
 - A) human design.
 - B) careful planning.
 - C) government regulations.
 - D) human action.

4. People cooperating with each other led to the establishment of
 - A) society.
 - B) war.
 - C) crime.
 - D) language.

5. When faced with moral dilemmas, the fictitious person within us is our
 - A) moral compass.
 - B) cutthroat conscience.
 - C) mission statement.
 - D) stakeholder.

6. Adam Smith wrote about morality and markets in his book, _____.
- A) *Morality and You*
 - B) *Morality in the Marketplace*
 - C) *The Theory of Moral Sentiments*
 - D) *Go Quietly or Else*
7. Businesses are more likely to be successful when _____.
- A) governments regulate them to ensure competition
 - B) they adopt the moral ideas that Adam Smith wrote about
 - C) the “invisible hand” works to limit greed
 - D) they make greater profits by producing their products in other countries
8. According to Johan Norberg, the more _____ business people are, the better the company performance.
- A) cutthroat
 - B) serious
 - C) ethical
 - D) philosophical
9. The difference between “human action” and “human design” is _____.
- A) the existence of a top down plan
 - B) the involvement of individual companies
 - C) natural rights
 - D) the expectation that workers will not go on strike
10. Adam Smith believed that _____ should drive markets, determining what is produced, for whom, and how goods are produced and distributed.
- A) political leaders
 - B) individual choice
 - C) government regulators
 - D) big banks

Morality in the Marketplace

Enrichment and Integration Activities

- I. Research and write a biography of Adam Smith.
 - For help writing a biography:
<http://www.infoplease.com/homework/wsbiography.html>
<http://homeworktips.about.com/od/biography/a/bio.htm>

- II. Read *The Theory of Moral Sentiments* and take Cornell Notes as you read the book.
 - For an online PDF version of the book:
https://www.ibiblio.org/ml/libri/s/SmithA_MoralSentiments_p.pdf

 - For a clear, simple explanation of the Cornell note-taking system:
<http://coe.jmu.edu/learningtoolbox/cornellnotes.html>
<http://www.bucks.edu/~specpop/Cornl-ex.htm>

- III. Research Whole Foods and either write a report about the company or present your findings to the class in a slideshow. You might want to include its founding, growth, mission, and other information.
 - For help preparing effective slideshow presentations:
http://www.slideshare.net/satyajeet_02/how-to-make-effective-presentation
<https://support.office.com/en-us/article/Tips-for-creating-and-delivering-an-effective-presentation-f43156b0-20d2-4c51-8345-0c337cefb88b>

- IV. There are four principles of Conscious Capitalism. Research those principles and either explain them in an essay or present the information in a slideshow.

- V. Research and write a biography of Whole Foods co-founder John Mackey. As an alternative, produce a biographical slideshow.
 - For help writing a biography:
<http://www.infoplease.com/homework/wsbiography.html>
<http://homeworktips.about.com/od/biography/a/bio.htm>

- VI. Read John Mackey's book, *Conscious Capitalism*, and write a book report about it.
- For help in writing a book report:
<http://www.infoplease.com/homework/wsbookreporths.html>
- VII. *Passion and Purpose* is an audiobook written and narrated by John Mackey. Listen to the audiobook and take notes. Then write a five to ten minute summary talk to explain the book to your class.
- For help in speaking to a class:
<https://www.hamilton.edu/oralcommunication/tips-for-effective-delivery>
- VIII. Research the organization Conscious Capitalism® and produce a tri-fold brochure that explains the arguments in favor of the business culture it advocates.
- IX. Read the article “One Company's Audacious Org Chart: 400 Leaders, 0 Bosses” in *Inc.* magazine. Then answer these questions: In what ways does Morningstar reflect Adam Smith's philosophy? How are Whole Foods and Morningstar similar? How are they different?
- <http://www.inc.com/audacious-companies/leigh-buchanan/morning-star.html>
- X. Research Conscious Capitalism and write a tweet, poem, or song about it. Or create a video about it.
- XI. John Mackey said, “When stakeholder philosophy is adopted in a more conscious way and businesses begin to act in a more conscious way for a higher purpose, I think most of the hostility towards business and capitalism will disappear.” What hostility is there toward business and capitalism? Research and write a report discussing the criticism and the critics.
- XII. Research Adam Smith International and present to the class a summary of the organization's goals and programs, via a slideshow.
- For help preparing effective slideshow presentations:
http://www.slideshare.net/satyajeet_02/how-to-make-effective-presentation
<https://support.office.com/en-us/article/Tips-for-creating-and-delivering-an-effective-presentation-f43156b0-20d2-4c51-8345-0c337cefb88b>

XIII. Read one of the articles below and either write a summary of it or take Cornell Notes as you read the article.

- For a clear, simple explanation of the Cornell note-taking system:
<http://coe.jmu.edu/learningtoolbox/cornellnotes.html>
<http://www.bucks.edu/~specpop/Cornl-ex.htm>
- “John Mackey: The conscious capitalist” by Beth Kowitt
<http://fortune.com/2015/08/20/whole-foods-john-mackey/>
- “Conscious Capitalism: Leaders and Organizations with a World View” by Marie Legault
<http://integralleadershipreview.com/6686-conscious-capitalism-leaders-and-organizations-with-a-world-view/>
- “A case for Conscious Capitalism: Conscious leadership through the lens of brain science” by Srinivasan Pillay and Rajendra Sisodia
<http://iveybusinessjournal.com/publication/a-case-for-conscious-capitalism-conscious-leadership-through-the-lens-of-brain-science/>
- “Only Conscious Capitalists Will Survive” by Jeff King
<http://www.forbes.com/sites/onmarketing/2013/12/04/only-conscious-capitalists-will-survive/#b4bd35943bfe>
- “Conscious Capitalism” Is Not an Oxymoron” by John Mackey and Raj Sisodia
<https://hbr.org/2013/01/cultivating-a-higher-conscious>
- “Will Investors Put the Lid on the Container Store’s Generous Wages?” by Susan Berfield
<http://www.bloomberg.com/news/articles/2015-02-19/container-store-conscious-capitalism-and-the-perils-of-going-public>

Name: _____

Date: _____

Morality in the Marketplace **Cloze Activity**

Directions: Read the entire passage first. Then fill in the blanks with words from the box.

potential	successful	creative	mission
values	impacts	impartial	connected
cooperating	sympathize	flourishing	responsibility

Humans developed morality as a way of _____ with each other, thus allowing for the development of society. Individually, we see how people approve or disapprove of others' actions, and that approval or disapproval _____ our behavior. Adam Smith developed the idea of an _____ spectator, the person within us who is the sum of our _____ and who guides us in our decision-making.

Adam Smith's moral philosophy is the basis for the Whole Foods company _____. According to John Mackey, their goals are to sell healthy food to people and help them reach their highest _____ through good health, ensure that employees are _____ and happy in their work, and share in the _____ for those with whom Whole Foods trades.

Adam Smith wrote that markets and morality are _____. Businesses will be more successful when they understand and _____ with their customers and their employees. Allowing their employees to be _____ and to innovate has helped Whole Foods succeed.

As a result of putting into practice the philosophy of Adam Smith, Whole Foods has been so _____ that the company has been rated one of the "100 Best Companies to Work For" for eighteen years in a row.

Name: _____

Date: _____

Morality in the Marketplace **Quotations Exercise**

Directions: In your own words, explain, evaluate, or comment on these lines from the video.

1. “Before Smith, people thought that morality was somehow out there. It was objective. And then Smith came along and said, ‘No, morality is not something that’s objective and that it’s out there. It’s inside ourselves.’”

2. “The earliest human beings, he thought, lived in a dangerous world, and had to communicate to survive. And that meant using signs and sounds. From these first signs and sounds and under the pressure of life, language developed”.

3. “Smith took a kind of evolutionary view 100 years before Darwin. He knew that there was something in us as social creatures that made us follow a moral path, because if we didn’t, if we went around robbing, and stealing, and killing each other, then we wouldn’t get very far as a species.”

4. “Smith says that the ‘impartial spectator’ is the sum total of everything that we’ve ever learned about what’s polite and rude, what’s right and wrong. Built up over time, it’s our moral compass.”

5. “Most businesspeople are honest and ethical. In fact, it turns out that the more ethical they are, the better the company performance.”

6. “I think a lot of our team members feel empowered and feel fulfilled, and therefore feel happy and satisfied in their work.”

7. “Many of the institutions that we have—language, markets, you name it—these are indeed the results of human action, but they’re not the results of human design. We never planned these things; they just evolve naturally.”

8. “You don’t need a central planning authority, to run your society well.”

9. “And...what’s really nice about...companies that are...mission driven and purpose driven, and still...profitable, is that...people who choose it, and...vote with their dollars... because that’s what’s valuable to them. [I]t’s about choice.”

Name: _____

Date: _____

Morality in the Marketplace

T-Chart

Directions: Work in pairs to complete the chart below after viewing the video and discussing it in class.

How would you explain “human design”?	How would you explain “human action”?
What are some examples of “human design”?	What are some examples of “human action”?
Why might it be important to understand the difference between human design and human action?	

Morality in the Marketplace

Viewing Guide Answer Key

1. economist
2. communicate
3. species
4. impartial spectator
5. company
6. highest potential
7. customers
8. choice

Quiz Answer Key

1. D) moral philosopher.
2. C) impartial spectator.
3. D) human action.
4. A) society.
5. A) moral compass.
6. C) *The Theory of Moral Sentiments*.
7. B) they adopt the moral ideas that Adam Smith wrote about.
8. C) ethical
9. A) the existence of a top down plan.
10. B) individual choice

Cloze Activity Answer Key

1. cooperating
2. impacts
3. impartial
4. values
5. mission
6. potential
7. flourishing
8. responsibility
9. connected
10. sympathize
11. creative
12. successful

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