Stern School of Business

Professional Responsibility
[Markets, Ethics & Law]

SYLLABUS

Term: Spring 2012 (1st Half)  Professor: Roy C. Smith
Time: M/W 10:30-11:50 am  Office: KMEC 9-93
Classroom  2-90  email: rsmith@stern.nyu.edu

About This Course:

There are several of us who teach in the Professional Responsibility program because we think it is an important course for students. However, the last many years of surveys and student ratings indicate that students in general do not agree – they often give the course low marks no matter who is teaching it.

So, three years ago I adjusted the course after asking a student to assemble a panel of colleagues to see what advice the group would have for me on the content of the PR course, and I received a lot of good suggestions.

This course will incorporate several of those suggestions – mainly to make the course more inclusive of current thinking in sociology and psychology about ethical conduct and to try to relate this to the kind of business situations that students can expect to experience personally.

As we are neither sociologists nor psychologists we will be exploring the subject matter together entirely as laymen. The main learning in the course will be to understand better what others think about ethically tight spots to see how your own judgment holds up in comparison.

Thinking about ethical conduct is a big improvement over just reacting to it viscerally. If you have a wide view as to what possible alternative actions a situation may present, what the consequences of these actions might be, and a growing sense of what you think your own ethical compass says to you, you are likely to select wiser courses of actions.

So, here’s this year’s offering; you can always take the course taught by someone else. You might prefer that and I encourage you to shop around a little, though I do hope someone will show up to take the course I am teaching.
Course Content:

The course will involve a mixture of short readings and cases which will be the basis for what I hope will be lively class discussion.

Required Cases & Readings

All required cases and readings are located on Blackboard under either Course Documents or External Links.

Grading:

70% of your grade will be from a final, in-class exam; 30% from class participation

Course Outline

PART I  ABOUT OURSELVES

1  Jan 30, 2012  Course Introduction and Orientation

Read:  Michael Sandel, Justice – The Right Thing to Do

Max Bazerman and M. Banaji, “Stumbling into Bad Behavior,”
External Links

Alina Turgend, “Doing the Ethical Thing May be Right, but it isn’t Automatic.” External Links

Test:  Google: “Implicit Association Test,” log in to the website and take the (free) test developed by Harvard Prof. Bazerman, et. al. to determine your own implicit bias. The test results will be available to you only.

2  Feb 1  Lying

Read:  Albert Carr, “Is Business Bluffing Ethical?”

“When Do Exaggerations and Misstatements Cross the Line?”
External Links
3 Feb 6 Cheating

Read: Benedict Carey, “The Psychology of Cheating”: External Links

David Callaghan, “The Cheating Culture”

Tara Parker-Pope, “Love, Sex and the Changing Landscape of Infidelity”

Philip Delves Broughton, “MBA Students Swap Integrity for Plagiarism.”

Lisa Fleisher and Alison Fox, “Admissions Cheating Probe Widens,” External Links

4 Feb 8 Stealing

Read: Bruce Buchanan, “Stockbroker’s Story” (Trade Secrets in Xanadu)

Bloomberg: “Stolen Goldman Sachs Code

William M. Carley “Fare Game.” (Trade Secrets)

5. Feb 13 Personal Ethics and Morality

Read: The Social Psychology of Ordinary Ethical Failures (BB)

Bruce Buchanan, “Buynow Stores” (Gifts and Side Deals, Xanadu)

Leslie Wayne, “A Promise to be Ethical in an Era of Immorality” [The MBA Oath] (BB)

The Economist, “Suspicious Minds” (Deceit and Self-Deception) – External Links

PART II BUSINESS AND LAW

6. Feb 15 Fiduciary Duty
Read: Roy C Smith “Directors and Boards.” (BB)

Louise Story, “JP Morgan Accused of Breaking its Duty to Clients,” External Links

NO CLASSES, Monday FEB 20

7. Feb 22  Law and Enforcement

Read: Roy C Smith, “Martha Stewart” (Insider Trading, Xanadu)

Ann Davis, “Life in a Federal Prosecutor’s Crosshairs,” (Control by Law, Xanadu)

Bob Van Vorris, “Citi Settlement with SEC Rejected by Judge. External Links


8. Feb 27  Corporate Management of Ethical Conduct

Read: Roy C. Smith, “Citicorp 2005”

James Stewart, “Few Avenues for Justice”: External Links

9. Mar 29  Public Perceptions of Ethical Conduct

Read: Joe Nocera, A Billionaire Army of One vs. a Bank, External Link

The Magnetar Trade, Pro Publica (External Link)

10. Mar 5  Reputation Capital

Read: Jonathan Macey, “The Value of Reputation in Corporate Finance and Investment Banking.” (BB: External Link – click on the PDF file and read the whole article)

Milton Friedman, “The Social Responsibility of Business is to
Increase its Profits.” (BB,

10. Mar 7 Sales and Marketing Ethics

Read: Ingo Walter, “West Virginia Consolidated Investment Fund” (Sales and Marketing)

Jeanne Whalen, “Glaxo to Pay US $3 billion to Settle.” External Links

11. March 19 Whistleblowing

Read: Priscilla Buderiri, “The Return of Qui Tam” (Whistleblowing)

Jean Eaglesham, “After the Tip, the Claim for Reward,” External Links

Lynnley Browning, NYT, “Birkenfeld Ex-UBS Banker Aims at Billions for Blowing the Whistle.”

Jennifer Levitz, WSJ, “Shielding the Whistleblower”

12. March 21 Final Exam