Stern School of Business

Professional Responsibility
[Markets, Ethics & Law]

SYLLABUS

Term: Spring 2011 (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

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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, two 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 either on the Xanadu website or (when indicated) posted on BB. You will have to acquire the Xanadu course packet (see instructions at the end of the syllabus)

**Grading:**

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

**Course Outline**

**PART I  ABOUT OURSELVES**

1  Jan 31, 2009  Course Introduction and Orientation

**Read:** Michael Sandel, *Justice – The Right Thing to Do* (Chapter 1) (BB)

Max Bazerman and M. Banaji, “How (un)Ethical Are You?” (BB)

**Test:** Googl: “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 2  Lying

**Read:** Albert Carr, “Is Business Bluffing Ethical?” (BB)

“When Do Exaggerations and Misstatements Cross the Line?”

: Peter Elkind, “You Have the Only Hard Copy.”

3  Feb 7  Cheating

**Read:** David Callaghan, “The Cheating Culture” (BB)
Tara Parker-Pope “Love, Sex and the Changing Landscape of Infidelity” (BB)

Philip Delves Broughton “MBA Students Swap Integrity for Plagiarism.” (BB)

4 Feb 9 Stealing

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

Bloomberg: “Stolen GS Code (BB)

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

5. Feb 14 Personal Ethics and Morality

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

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

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

PART II BUSINESS AND LAW

6. Feb 16 Fiduciary Duty

Read: Roy C Smith “Directors and Boards.” (BB)

NO CLASSES FEB 21

7. Feb 23 Law and Enforcement


Thom Weidlich and Carlyn Kolker, Bloomberg, “Bear Stearns Loss
Echoes Long Line of US Prosecutor Defeats” (BB)

Greg Storr, *Bloomberg*, “Skilling Gets High Court Review of Enron Conviction” (BB)

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

8. **Feb 28**  
   **Corporate Management of Ethical Conduct**

   **Read:** Roy C. Smith, “Citicorp 2005” (BB)

   Ingo Walter, “Marsh McClennan” (BB)

9. **Mar 2**  
   **Public Perceptions of Ethical Conduct**

   **Read:** Joe Nocera, *A Billionaire Army of One vs. a Bank*, *NY Times* (BB, External Link)

   The Magnetar Trade, Pro Publica (BB, External Link)

10. **Mar 7**  
    **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, Course Docs, under Social Respy of Business)

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**PART III  BUSINESS ETHICS AND OURSELVES**

10. **Mar 9**  
    **Whistleblowing**

    **Read:** Charles Haddad, “A Whistle-Blower Rocks an Industry” (Whistleblowing, Xanadu)

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

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

Jennifer Levitz, WSJ, “Shielding the Whistleblower” (BB)

11. March 21  

Sales and Marketing Ethics

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

“For Tense Call to Legal Standoff,” (BB, External Link: Steve Ratner)

12. March 23  

Final Exam