

## ETHICS AND ECONOMICS

<b>Course code</b>	<i>GRAE 032</i>
<b>Compulsory in the programmes</b>	<i>Financial Economics</i>
<b>Level of studies</b>	<i>Graduate</i>
<b>Number of credits</b>	<i>6 ECTS (36 contact hours + 2 consultation hours, 124 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Prof. Dr. Maik Huettinger</i>
<b>Prerequisites</b>	<i>Undergraduate studies in social science</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

The aim of the course is to raise awareness for the participants that corporations have a responsibility towards all stakeholders – not just towards increasing shareholder value. Moreover, it will deal with the question to what extent self-regulation and corporate responsibility can satisfy the idea of a more sustainable economy.

The course will deal with the question of who is responsible for the ethical behavior in business. The dominance of US based literature has suggested the concept of Corporate Social Responsibility as the main doctrine. However, considering the historical, economic and political context – the situation in Europe is fundamentally different. Unlike in the United States, the question of philanthropy plays only a minor role in Europe. On the other hand, the question of social, legal, environmental, and economic responsibility – within the context of a welfare state – dominates daily business life.

This course will be taught within the MSc in Financial Economics – however deals by nature more with philosophical issues. The first lectures will therefore deal with basic theories of Ethics and Capitalism and aim to serve as a review course for the basics of ethics in economics. The second part deals with Corporate Social Responsibility, Stakeholder Theory and the Creating Shared Value Theory - which became important issues in the Financial Industry. Last but not least, the course will cover various issues related to ethical issues in finance. In order to add more applied content – the seminars are covering various cases studies which are relevant in the world of finance.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

<b>Course level learning outcomes (objectives)</b>	<b>Degree level learning objectives (Number of LO)</b>	<b>Assessment methods</b>	<b>Teaching methods</b>
CLO1. To understand the forces which are driving ethical behavior in a European Context	LO2.1.	Final Exam	Lecture & Seminar
CLO2. To understand the impact of the government and the capitalistic system which drives the role of the corporation in a society	LO1.1. LO2.1. LO3.1.	Final Exam	Lecture & Seminar
CLO3. To understand the philosophical background of current ethical theories	LO1.2. LO2.1.	Final Exam	Lecture & Seminar
CLO4. To apply ethical concepts in practical business situations	LO1.1. LO2.1. LO3.1.	Participation, Group Project, Final Exam	Lecture & Seminar
CLO5. To develop critical thinking and problem-solving skills	LO1.1. LO1.2. LO2.1. LO3.1.	Participation, Group Project, Final Exam	Lecture & Seminar

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

<b>Topic</b>	<b>In-class hours</b>	<b>Readings</b>
Introduction to the course and aligning expectations	4	As listed on presentation slides + Case: "Uber and the Ethics of Sharing"
Theoretical Foundations: Ethics & Philosophy	4	As listed on presentation slides + Case: "Volkswagen's Emissions Scandal"
Theoretical Foundations: Capitalism and Ethics	4	As listed on presentation slides + Case: "Corruption at Siemens (A)"
Defining and Understanding of Corporate Social Responsibility	4	As listed on presentation slides + Case: "Defining the Purpose for Borussia Dortmund GmbH & Co. KGaA"
Corporate Social Responsibility – nothing else than a Myth?	4	As listed on presentation slides + Case: "The Norwegian Government Pension Fund: The Divestiture of Wal-Mart Stores Inc."
Ethics and Financial Economics I	4	As listed on presentation slides + Case: "The Fall of Enron"
Ethics and Financial Economics II	4	As listed on presentation slides + Case: "Barclays and the LIBOR Scandal"
Presentation Session 1 - Oral presentation of a selected corporate scandal by students	4	N.N.
Presentation Session 2 - Oral presentation of a selected corporate scandal by students	4	N.N.
	<b>Total: 36 hours</b>	
CONSULTATIONS	2	
FINAL EXAM	2	

**FINAL GRADE COMPOSITION**

<b>Type of assignment</b>	<b>%</b>
<i>Group Components 40%</i>	
Group Project	40 %

<i>Individual Components 60%</i>	
Final Exam	60 %
<b>Total:</b>	<b>100</b>

### DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

The lecturer reserves the right to choose the form of the exam. Details about the structure of the exam and the grading policy will be presented on the first day of the lectures and will be published online.

Group project:

1. Students contribute to the content of the classes by presenting one of the selected ethical scandals to the class. For that purpose, students will be grouped in teams and the members will prepare (outside of class) a presentation of the assigned case.
2. Students will have to deliver a three page (executive summary/ briefing paper)

### RETAKE POLICY

If final (cumulative) mark of the course, including final exam score, is insufficient, students will be allowed to exercise their right of retake. The retake exam will cover all lectures and case-discussion topics discussed in class during the course. It will be held during the last week of the exam session and will replace the 60% of the final exam. Acquired scores from all assignments will be summed up and the final (cumulative) grade will be given. The lecturer reserves the right to choose the form of the exam.

### ADDITIONAL REMARKS

For each seminar, a paper will have to be read by students in advance.

Attendance and participation in the lectures are not obligatory, however strongly recommended. Studying solely from slides/course book is not considered to be a sufficient preparation for the exam.

Bonus points. The instructor has the right to award active students with up to 0,2 extra (grade) points. These "bonus points" will be only be awarded to students whose (rounded) final grade would increase after all.

Specific rules apply for in-class presentations:

- a. Presentations can neither be re-scheduled nor be retaken. Students failing to sign up for a presentation or failing to show up for the presentation, may be allowed to submit an individual written paper on a given topic at the end of the course. (minimum 2500 words/ proper APA standards/ specific rules apply). The decision who is allowed to hand in this paper is made by the instructor.
- b. In case of serious reasons, individual students may be allowed to switch with another student. Students are responsible for arranging the changes and must inform the lecturer MINIMUM 1 week in advance.
- c. Within one week of the day of the presentation, each group will receive an evaluation via email.
- d. 1 (grade) point will be deducted for submitting the presentation slides after deadline.
- e. Students are asked to follow the presentation guidelines, presented during the first seminar.

Due to the dynamic nature of the content of the course additional material can be assigned during the course. In case of unforeseen events the schedule will be adapted. The lecturer is trying to include actual and relevant materials – therefore the reading list may differ. Slide handouts and readings will be prepared for each class and available for download. The slides are the intellectual property of teaching instructor and students may not distribute or duplicate these notes without written consent.



## REQUIRED READINGS

Chang, H. J. (2012). *23 things they don't tell you about capitalism*. Bloomsbury Publishing USA.

Crane, A., Matten, D., & Spence, L. (Eds.). (2013). *Corporate social responsibility: Readings and cases in a global context*. Routledge.

Crane, A., Matten, D., Glozer, S., & Spence, L. (2019). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford University Press.

Fleming, P. (2012). *The end of corporate social responsibility: Crisis and critique*. Sage.

Hendry, J. (2013) *Ethics and Finance*, Cambridge University Press.

In addition, various papers will be provided to students during the course. The instructor will ensure that students will have access to them:

- a. Friedman, M. (2007). The social responsibility of business is to increase its profits. In *Corporate ethics and corporate governance* (pp. 173-178). Springer, Berlin, Heidelberg.
- b. The Economist (2005). The good company. *The Economist*, 374(8410).
- c. Porter, M. E., & Kramer, M. R. (2011). The big idea: Creating shared value, rethinking capitalism. *Harvard business review*, 89(1/2), 62-77.
- d. Porter, M. E., & Kramer, M. R. (2006). The link between competitive advantage and corporate social responsibility. *Harvard business review*, 84(12), 78-92.  
Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the value of "creating shared value". *California management review*, 56(2), 130-153.

## ADDITIONAL READINGS

Cannon, T. (2012). *Corporate responsibility*. Pearson Higher Ed.

Chryssides, G. D., & Kaler, J. H. (1993). *An introduction to business ethics*. Cengage Learning EMEA.

(Last updated: 01.02.2022)



**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for Master of Social Science**

*Programme:*

*Financial Economics*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	LO1.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
	LO1.2. Students will become <b>independent learners</b> and develop their own comprehension of scientific theories, models, and concepts.
Students will be socially responsible leaders	LO2.1. Students will be able to evaluate past and current practices in their discipline from an <b>ethical perspective</b> .
Students will be effective communicators	LO3.1. Students will develop and deliver a <b>coherent oral presentation</b> .
	LO3.2. Students will develop and deliver a <b>coherent written research paper</b> .