

FMB 555E Ethics of Finance and Social Responsibility

Instructor: Prof. Ji Soo KIM (김지수; 金知壽)
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Office Hours: After Class or By Appointment
Class Hours: Mon 7:00~9:50 P.M.
Classroom: To be announced (SUPEX Management Building)
TA for Session B: To be announced
TA's Room, Tel/e-mail: To be announced

Background of Course Information:

In the late 20th century and early 21st century, we observed some noted failure examples of Enron, World Com and many other firms' engagement in deception, fraud and misconduct by focusing on excessive risk-taking. In lining with this trend, KAIST has required a course in ethics of research as 1 unit requisite course from 2009. KAIST School of Finance and Accounting has substituted this by FMB555 (initially as FIN500) for finance MBA students since 2010. Ethics of finance and social responsibility is designed to prepare the enrollees of the class to apply an ethical decision-making attitude and practice, largely in business including finance industry/business discipline. The course tries to deal with corporate governance as well as leadership as a business decision maker while talking the fundamentals of business/finance ethics. Some of the goal is to engage the student by focusing on cases and business scenarios of a certain interesting issues. The cases may cover various issues including finance/securities industry, possibly including e.g. KOSDAQ market, etc. Students are asked to look into the issues from an ethical/social responsibility perspective. KAIST and AACSB requirement/recommendation make FMB555 ethics course as a requisite one for finance MBA program. Students, largely for foreign students who do not command Korean language, are required to enroll in this English Session. The English

session will largely use cases or other handouts. Exams will be essay-type questions to be answered only in English.

(To take the exam in the classroom, no electronic dictionary, i.e. lap top computer, cellular/smart phone, etc., is allowed to refer but paper dictionary for English-Native Language/Native Language-English translation.)

Text: Cases from

- 1) **Business Ethics – Ethical Decision Making and Cases** (8th Edition), O.C. Ferrell, John Fraedrich, and Linda Ferrell, South-Western Cengage Learning, 2011
- 2) **Harvard Business School or Other Cases.**

Class Schedule: (This may be changed/adjusted if necessary.)

August 31	Introduction and Business/Finance Ethics Case Arthur Andersen
September 7	Case Enron: Questionable Accounting, Case The Subprime Meltdown
September 14	Case The Fraud of Bernard Madoff Case "Accounting Fraud at WorldCom"
September 21	Case "Keidanren: Foreign Political Contributions in Japan" Case "Livedoor: the Rise and Fall of a Market Maverick"
September 28	No Class (Chuseok Thanksgiving Holiday)
October 5	Case "Kitchen Best: Ethics When Doing Cross-Boundary Business in Southern China" Case "Yinguangxia: an Epitome of Corporate Governance Flaws in China"
October 12	Case "Shanzhai! MediaTek and the "White Box" Handset Market" Discussion: Learning as a gov't official from an emerging economy
October 19	Term Paper Submission in Final Exam Week

Grading:

Class Presence/Discussion Participation, etc.	50%
Term Paper	50%