

# PROFESSIONAL RESPONSIBILITY COR2-GB3101

New York University – Stern School of Business

January 28 - February 1, 2013

## Course Summary and Schedule

### INSTRUCTOR VERSION (1/19/2013)

*This document is the enhanced syllabus for instructors, showing the suggested cases, and offering comments and teaching ideas, marked with “\*\*”*

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Your breakout professor: [PUT YOUR NAME HERE] (PUT YOUR EMAIL ADDRESS HERE)

Your breakout meeting room: [PUT YOUR ROOM # HERE]

### Objectives

In this course, you will explore concepts and methods designed to make you a more effective and honorable professional. Your time in this course will be well invested if:

- You learn about the types of traps that lure business professionals into ethical lapses and even criminal behaviors; these can ruin careers, destroy companies, and bring shame to families, associates, and the business community.
- You learn enough moral psychology to understand how even well intentioned professionals can get lured into such traps.
- You develop a greater understanding of your own values and motives, which can help you avoid ethically ineffective or destructive professional choices.
- You learn conceptual frameworks and methods that permit you to navigate ethical grey zones with more confidence and better results.
- You learn basic principles for designing companies or teams that are effective and less prone ethical lapses.
- You commit yourself to a standard of professional conduct that will help to make your work in life more fulfilling and honorable.

### Course Structure

The course comprises a blend of plenary and breakout sessions. The plenaries -- lectures, visiting speakers, a movie screening -- are designed to provide examples, concepts and context for student discussions and analyses. The breakout sections, which consist of roughly 40 students and a professor and meet for 10 sessions across the week, are where most of the work of the class will be done. Here students analyze and debate real-life cases illustrating a broad range of ethical and legal challenges facing business professionals. The course concludes with a reception and celebration at the New York Public Library on the evening of Feb. 1.

## Attendance

This course is intensive and experiential. Class sessions, where you present your views and hear those of classmates, faculty, and distinguished visitors, are critically important. For this reason, *attendance at all sessions and events is mandatory*.

Moreover, to show proper respect for classmates and colleagues when speaking, *no computers, tablets, or other devices with screens* can be used during class sessions.

## Grading

Because of the critical importance of classroom discussion, the components of the final grade in this course are weighted as follows:

Class Participation	50%
Written/Online Exercises	15%
Final Paper	35%

## Pre-Course Readings:

*The assigned portions of the following books should be read before January 28th.*

(If you will be downloading the kindle version of the assigned readings onto your computer, please download the Kindle App [here](#) first for PC and [here](#) for Apple computers )

- 1) Read all of *The Righteous Mind: Why Good People are Divided by Politics and Religion*, by Jonathan Haidt. E-book can be found [here](#)
- 2) Read select chapters of *Predator Nation*, by Charles Ferguson
  - **READ:** Chapters 1,2,4,5, 6 and the first half of chapter 8 Pages 240-255
  - E-book can be found [here](#)

## Pre-Course Written Assignment

**Due: Sunday** January 27<sup>th</sup>

**Submission:** This assignment should be uploaded via Blackboard to your section instructor by 11:59pm on Sunday January 27<sup>th</sup>

**Bring:** a hard copy to your Breakout Session on Monday January 28<sup>th</sup>

**Length:** 1 to 2 pages

Prior to the beginning of the class, you should write a description of your *future* professional self. That is, you should describe the principles, values, and methods that will guide your professional future conduct. As part of this description, you should answer these two questions:

- What does “professional responsibility” mean to you? Are there any principles or ideals that you can state now and commit to now? Any role models you’d like to emulate?

- Suppose you were given a magical amulet, which you would carry with you for the rest of your career, to serve as a moral guide. You get to write one word, phrase, or sentence on a small piece of paper, which you then place inside the amulet. From then on, the amulet will glow when you live up to what you have written, and it will vibrate when you fail to live up to what you have written. What would you write?

**Last Day of Course Written Assignment**

**Due:** Friday February 1<sup>st</sup>

**Submission:** This assignment should be uploaded via Blackboard to your section instructor by 10:00am on Friday February 1<sup>st</sup>

**Bring:** a hard copy to your Breakout Session on Friday February 1<sup>st</sup>

**Length:** 1 to 2 pages

Re-do the pre-course assignment. Answer the same 2 questions asked above. What text would you place inside your amulet? Note how the meaning of “professional responsibility” has changed for you as a result of what you’ve learned this week.

**Final Paper Assignment: See last 2 pages of this syllabus**

COURSE SCHEDULE

All plenary sessions will take place in Paulson Auditorium unless otherwise noted. Breakout session location assignments are listed on your AIS registration page. Please check this prior to your arrival on the 28th.

**\*\*Note:** you might want to email your class to tell them to read the materials in advance, for day 1. You should also see the document “psychological ideas for professional responsibility. It will help you draw new connections between psychology and our cases.

----- **DAY 1: Monday January 28<sup>th</sup>** -----

**10:00 Breakfast in Patron's Lobby**

**10:30-12:00 Plenary 1: Introduction**  
**Paulson Auditorium (Tisch)**  
 Introduction to Professional Responsibility  
 Professor Jon Haidt

**\*\*Jon will begin by telling 2 stories about business, one very negative, one very positive, and asking students which will be theirs? At Stern, we embrace the positive story. As Dean Henry says: “At NYU-Stern, we develop people and ideas that transform the challenges of the 21st century into opportunities to create value for business and society.”**

Jon will then introduce the metaphor that will stay with us throughout the course: that a professional career is a journey, as in a “hero’s journey,” with 3 phases: departure, trials, and return. Departure is your early training, culminating at graduation with the conferral of your MBA degree. Trials is the phase of the journey where you face dragons, face trials. Most of the topics we’ll cover and the cases we’ll read are about the dragons

you're going to face on your journey. A commitment to professional responsibility is like an amulet you can carry with you, which will protect you from many of the dragons. Return is the phase where the hero brings back a boon to his family, his tribe, or to humanity in general. Some of you will fail along the way. A few of you may end up in jail. But most of you will bring back great boons to humanity. You'll create vast quantities of value for business and society.

The bulk of the lecture will then be spent introducing a few central ideas in social and moral psychology. Jon will cover the Asch experiment (in which people say that a line is longer than another line, because everyone else is saying it), which illustrates CONFORMITY. Then the Milgram experiment, in which people voluntarily give electric shock to another person, who screams and demands to be released. Most go all the way to the end, where it appears the victim is dead. This illustrates OBEDIENCE TO AUTHORITY, and the terrible things people will do as long as it seems that somebody else is taking responsibility. Finally, the Zimbardo Prison study, in which college students quickly bought into the social construction of a pretend-jail in the basement of the psychology department. The guards became extraordinarily cruel. This study (like the previous two) illustrates the POWER OF THE SITUATION, and the way that people willingly EMBRACE THEIR ROLES.

These three classic social psych studies should help you discuss many of the cases on the first two days. Try to draw out connections – show people acting in unethical ways because they were conforming, or obeying, or embracing their socially constructed roles.

**12:15-1:00 Lunch**

**1:00-2:30 Breakout Session 1: Market Failure & Professional Dilemmas**

<b>Reading to do before Breakout Session 1: Market Failure &amp; Professional Dilemmas</b>	
The Limitations of Markets	Neva Goodwin
The Price of Lobster Thermidor	The Economist
Making an Ethical Decision,	Terry Halbert & Elaine Ingulli

**\*\*Open the class with a discussion of assignment 1: the students' professional visions. How do they think about professional ethics? As a guide, or a nuisance? What would they write on that slip of paper?**

**3:00-4:30 Breakout Session 2: Truth and Disclosure**

<b>Reading to do before breakout session 2: Truth &amp; Disclosure</b>	
Bitter Pill	Ralph T. King, Jr
Familiar Refrain: Consultant's Advice on Diversity was Anything but Diverse	Douglas A. Blackmon
Today's Analyst Often Wears Two Hats	Roger Lowenstein
Medical Papers By Ghostwriters Pushed Therapy	Natasha Singer
Bluffing	Jim T. Priest
When Do Exaggerations & Misstatements	Stewart Friedman,

**\*\*In this discussion you should draw out connections to The Righteous Mind, especially the ease with which people can find justifications for whatever they want to do. Perhaps look ahead to the movie – Inside Job.**

**\*\*Give out assignment to do surveys on YourMorals.org. Jon will send out text to you that you can customize, which will include a link to surveys on YourMorals.org. Jon will explain the surveys in his morning plenary on Wednesday, and each instructor will get the overall class results (not individual results) of his or her section so that instructors can talk about them in their Wednesday afternoon sessions.**

**4:30-6:30 Free time (dinner on your own)**

**6:30-9:00 Plenary 2: Inside Job (Movie Screening)**  
**Rosenthal Auditorium, Kimmel Center**  
 Discussion with Charles Ferguson, director of *Inside Job* and author of *Predator Nation*.

----- **DAY 2: Tuesday January 29<sup>th</sup>** -----

**10:00 Breakfast in KMC Lobby**

**10: 30-12:00 Breakout Session 3: Gifts, Side Deals and Conflicts of Interest**

<b>Reading before breakout Session 3: Gifts, Side Deals &amp; Conflicts of Interest</b>	
Bribery & The Foreign Corrupt Practices Act	<a href="http://www.justice.gov/criminal/fraud/fcpa/">http://www.justice.gov/criminal/fraud/fcpa/</a>
Buynow Stores	Bruce Buchanan
Wall Street and the Nursery School	Gretchen Morgenson & Pat McGeehan
Hat Trick	Gretchen Morgenson
Marsh & McLennan Companies	Ingo Walter
J&J Settlement in Bribery Case	Peter Loftus & Jessica Holzer
The Doctors Will See It Now	Charles Ornstein & Tracy Weber
Hats Off Tacos for Officers: Prohibited, but Part of Job	Joseph Goldstein

**\*\*You can find many connections to Righteous Mind and Inside Job in this session. Motivated reasoning. The power of prestige. Conflicts of interest are inherently corrupting; even if you think you can resist and do the right thing, you probably can't, although you'll think that you're doing the right thing.**

**12:15-1:00 Lunch**

**1:00-2:30 Breakout Session 4: Agency and Fiduciary Duty**

<b>Reading before breakout session 4: Agency &amp; Fiduciary Duty</b>
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The Hazard of Moral Hazard	James K. Glassman
Quality Department Stores	Larry Zicklin
My Patients Are Dying	Larry Zicklin
The Man Who Paid the Price for Sizing Up Enron	Richard A. Oppel, Jr.
Why I Am Leaving Goldman Sachs	Greg Smith
Do Business Schools Incubate Criminals?	Luigi Zingales

**\*\*Conformity, the difficulty of violating the social consensus.**

**3:00-4:30 Breakout Session 5: Whistle Blowing and Loyalty**

<b>Reading before breakout session 5: Whistle Blowing &amp; Loyalty</b>	
He Told. He Suffered. Now He's a Hero	Kurt Eichenwald
A Whistle-Blower Rocks an Industry	Charles Haddad, with Amy Barrett
Seeing Red How Ex-Accountant Added Up To Trouble for Humbled Xerox	James Bandler & Mark Maremont
Moment of Truth: A Whistleblower's Dilemma in the Financial Services Industry	Donald Schepers & Harry Rosen
Delta Industries	Larry Zicklin
New Financial Reform Legislation Provides Whistleblowers with Expansive Protection	Debevoise & Plimpton, LLP
Woman Who Couldn't Be Intimidated by Citigroup Wins \$31 Million	Bob Ivry

**\*\*Conformity, the difficulty of violating the social consensus. Why do some people disobey in the Milgram experiment, even if most people go along? Look ahead to Walt Pavlo.**

**5:00-6:30 Plenary 3: White Collar Crime  
Paulson Auditorium (Tisch)**

Walter Pavlo, former Federal Prisoner

**\*Here is a [video of Pavlo](#) telling his story. This link is for your benefit; Don't assign it; odds are he'll tell this story live.**

<http://blogs.forbes.com/walterpavlo/>

**----- DAY 3: Wednesday January 30th-----**

**10:00 Breakfast in Patron's Lobby**

**10: 30-12:00 Plenary 4: Groups, Ethics, and Design  
Paulson Auditorium (Tisch)**

Groupishness and Hive Psychology. Teamwork. Ethical Systems Design.  
Professor Jon Haidt

**\*\*Jon will discuss human groupishness and tribalism. We're not just selfish, but we're not so altruistic either. What we really are is cooperative. That's the basis of business – our ability to cooperate with non-kin. This leads to many bad behaviors, as we've seen: groups gone wild, who then lie and try to cover up their bad deeds. But our groupishness can also be good – it takes us out of ourselves and lets us commit to something larger than the self. Groupishness is crucial for both the negative story about business and the positive story. Jon will segue from the darker, early part of the course, showing all the dragons of sin and temptation that business professionals face, to the more positive part of the course, where we begin to see more inspiring role models (such as Novogratz, Grennan, and Bharara).**

**Jon will also introduce the idea of “ethical systems design” – the idea that you can change the rider, the elephant, or the path, and you'll get the most bang for your buck by changing the path. This will be a key idea for the students' final papers: they'll have to analyze an ethical failing they observed, and describe how to design systems in which such failures will be less common. Jon will discuss the results from the YourMorals surveys.**

**12:15-1:00 Lunch**

**1:00-2:30 Breakout Session 6: Social Responsibility to Stakeholders**

<b>Reading before breakout session 6: Social Responsibility to Stakeholders</b>	
The Social Responsibility of Business is to Increase Its Profits	Milton Friedman
Our Schizophrenic Conception of the Business Corporation	William T. Allen
Restricted Reasons and Permissible Violation	Arthur Isak Applbaum
Toy Maker Faces Dilemma as Water Gun Spurs Violence	Joseph Pereira
Bally's Grand Casino, For Elaine Cohen, Is Her One True Home	Heidi Evans
When Good Ethics Aren't Good Business	Jeffrey Seglin
Crossfire	Rob Walker
Curem Pharmaceutical	Larry Zicklin

**\*\*Discuss moral foundations theory, chapters 7 and 8 of the Righteous Mind. Why do left and right disagree so much on social responsibility and sustainability?**

**\*\* Discuss results from YourMorals surveys; what moral intuitions are strongest in the class? Does knowing your score help you understand your reactions to the cases we've been examining?**

**3:00-4:30 Breakout Session 7: Moral Standards Across Borders**

<b>Reading before breakout session 7: Moral Standards Across Borders</b>
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United States Bill of Rights	<a href="http://www.usinfo.state.gov">http://www.usinfo.state.gov</a>
In Praise of Cheap Labor	Paul Krugman
Human Rights on the Eve of the 21 <sup>st</sup> Century	His Holiness the Dalai Lama
Universal Declaration of Human Rights	<a href="http://www.un.org">http://www.un.org</a>
For Cruise Workers, Life is No “Love Boat”	Joshua Harris Prager
Stretching Federal Labor Law into the South Pacific	Seth Faison
Lives Held Cheap in Bangladesh Sweatshops	Barry Bearak
Factory Fires Kill Hundreds	Wall Street Journal Online
Nobodies: Does Slavery Exist in America?	John Bowe
Inequality	Joseph Stiglitz
Can Apple Make a More Ethical iPhone?	Rebecca Louise Snyder

**\*\*Discuss moral foundations theory, chapters 7 and 8 of the Righteous Mind. Why do nations have different standards? What challenges do business professionals face when moral “matrices” conflict?**

**5:00-6:30 Plenary 5: Social Venture Capital**  
**Paulson Auditorium**  
[Jacqueline Novogratz](#), CEO of [Acumen Fund](#)

You might want to assign an article about Novogratz, or assign her TED talk:  
[http://www.ted.com/talks/jacqueline\\_novogratz\\_inspiring\\_a\\_life\\_of\\_immersion.html](http://www.ted.com/talks/jacqueline_novogratz_inspiring_a_life_of_immersion.html)

<http://www.nytimes.com/2012/09/30/business/jacqueline-novogratz-of-acumen-fund-on-pairs-of-values.html>

<http://www.success.com/articles/850-corner-office-jacqueline-novogratz-founder-of-acumen-fund>

----- **DAY 4: Thursday January 31st** -----

**1:00-2:30 Breakout Session 8: Insider Trading**

<b>Reading before breakout session 8: Insider trading</b>	
What is Insider Trading?	<a href="http://www.sec.gov/answers/insider.htm">http://www.sec.gov/answers/insider.htm</a>
Raymond Dirks & Equity Funding of America	Roy C. Smith
Trading Room Ethics	Larry Zicklin
Martha Stewart	Roy C. Smith
The Case for Insider Trading	Henry G. Manne
The Cost of Inequity	The Economist
Market Stress & Rare Opportunities	Larry Zicklin

Deciphering The Mosaic	Larry Zicklin
US Scores Three More Insider Trading Convictions	Chad Bray
How Wall Street Lawyer Turned Insider Trader Eluded the FBI	David Voreacos

**\*\*Discuss how sharing information doesn't feel wrong, doesn't feel like you are hurting anyone. Draw out how sometimes our moral intuitions are NOT good guides to what is right. If we followed our intuitions, and "helped" our friends, there'd be no investor confidence and the markets would not work.**

**\*\*Remind students about the writing assignment for Friday: re-write the professional responsibility statement from day 1. Add anything else to this assignment that you want.**

**3:00-4:30 Breakout Session 9: Control by Law**

<b>Reading before breakout session 9: Control by Law</b>	
Living with the Organizational Sentencing Guidelines	Jeffrey Kaplan, Linda S. Dakin, Melinda R. Smolin
Life in a Federal Prosecutor's Cross Hairs	Ann Davis
Deals & Consequences	London Thomas Jr.
In Justice Shift, Corporate Deals Replace Trials	Eric Lichtblau
Weighing the Trade-Offs in the Goldman Settlement	Peter J. Henning and Steven M. Davidoff
Departures & Sample Economic Offenses from US Sentencing Guidelines	<a href="http://www.ussc.gov/Guidelines/2010_guidelines/Manual_PDF/2010_Guidelines_Manual_Full.pdf">http://www.ussc.gov/Guidelines/2010_guidelines/Manual_PDF/2010_Guidelines_Manual_Full.pdf</a>
Former Galleon Trader & Govt Informant, Adam Smith, Sentenced to Probation	Walter Pavlo
The Economics of Crime Suggests that Corporate Fines Should be Even Higher	The Economist

**\*\*Perhaps discuss rationality? People often fail to maximize their long-term self-interest because of emotional reactions, but companies are often more cold-hearted.**

**\*\*Prepare for Novogratz? Assign something by or about her? Return to the very positive story that we tell about business at Stern. Novogratz makes it real, makes it happen.**

**5:00-6:30 Plenary 6: Business and Social Good**

**Paulson Auditorium (Tisch)**

[Conor Grennan](#), Stern MBA 2010, author of *Little Princes*, and founder of [Next Generation Nepal](#).

<http://www.harpercollinsspeakersbureau.com/speaker/conor-grennan.aspx>

----- **DAY 5: Friday February 1<sup>st</sup>** -----

**10:00 Breakfast in Patron's Lobby**

**10:30-12:00 Plenary 7: The Prosecutor’s Perspective  
Paulson Auditorium (Tisch)**

[Preet Bharara](#), U.S. Attorney for the Southern District of New York

Here is a Time Magazine cover article about Bhararara:

<http://www.time.com/time/magazine/article/0,9171,2105971,00.html>

Here’s an FT profile: <http://www.ft.com/cms/s/2/3c05b218-0eed-11e2-9343-00144feabdc0.html#axzz2IFJuq9Mc>

**12:15-1:00** Lunch

**1:00-2:30 Breakout Session 10: MBA Code of Conduct**

<b>Reading before breakout session 10: MBA Code of Conduct</b>	
The MBA Oath	<a href="http://mbaoath.org/">http://mbaoath.org/</a>
NYU-Stern Code of Conduct	<a href="http://www.stern.nyu.edu/UC/CURRENTStudents/CodeofConduct/CON_022122">http://www.stern.nyu.edu/UC/CURRENTStudents/CodeofConduct/CON_022122</a>

**\*\*Discuss the revised professional responsibility statements. How have they changed? What would you write on your scrap of paper, and place in your amulet? After that discussion, read some of the proposed MBA codes, and talk about whether they make sense. Can your class do better? Can they propose a Stern code? Tonight in the library, all will be asked to actually write something to place in their amulet. What will it be?**

**3:00-4:30 Plenary 8: Success, Honor, Happiness  
Paulson Auditorium (Tisch)  
Professor Jon Haidt**

**\*\*Jon will probably talk about positive psychology, the roots of happiness, and the role of ethical behavior in the good life. Also probably work as job, career, and calling. Will return to theme of the “hero’s journey.”**

**5:30-8:00 Closing Reception and Banquet  
New York Public Library  
Celeste Bartos Room**

\*There will be no PR session on April 26, 2013 as previously indicated

-----**Final Paper Assignment**-----

**Due:** Friday February 11<sup>th</sup>

**Length:** 10 – 14 pages typed & double-spaced

**Submit:** This assignment should be uploaded via Blackboard to your section instructor by 11:59pm Friday February 11<sup>th</sup>

## **Paper Instructions**

A general theme of this course is that situational pressures are vastly more powerful than we realize; they often make people behave unethically, sometimes without realizing that they are doing so. After taking this course, you should have much better insight into the complexities of business situations, and how they lead people into unethical and unprofessional behavior. To show us what you've learned, please describe an actual situation from your prior professional endeavors with which you had first-hand familiarity. You might have been a major or minor actor in the situation, or you may have merely witnessed the situation. The main requirements for the professional situation you pick are that it raised ethical or legal issues, and that you were there. Organize your paper as follows, with these section headings:

**I. Situation:** Describe the situation or practice. What happened? Your description must be detailed and rich enough to allow the reader to get a clear sense of the issues and circumstances. Make it clear what your role was, and your relationship to the people involved. (2-4 pages)

**II. Normative Analysis:** In this section you should judge the people in question. What laws or guidelines were applicable? Were any laws or guidelines broken? Were any stakeholders harmed? Did the main actors behave in a way that was defensible? Did they behave in a way that was professional? Did anyone violate their fiduciary duties and if so how? (1-3 pages)

**III. Causal Analysis:** In this section your job is to explain why things happened the way they did. Apply the concepts you've learned in the course. What elements of moral or social psychology were operating here? Did you see anything like this situation in any of the cases we read, or the situations we discussed during the course? (2-3 pages)

**IV. Resolution & Conclusion:** Describe how the situation was actually resolved. Discuss this resolution in light of the ethical analysis from section II (2-4 pages).

**V. Ethical Systems Design:** If you were in charge of the company or organization in question, what could you do to prevent situations like this from arising? More generally, how could you change the rules, norms, or other aspects of the environment so that the organization was less prone to this sort of ethical problem in the future? (2-4 pages)

**Evaluation of Term Paper Project:** Good performance (hence good grades) on this assignment consists of systematically and thoroughly applying relevant concepts and methods from the course to the situation and in testing the worth of those concepts and methods in resolving the ethical issues it presents. To help your professor render a fair grade, please underline key terms and concepts from the course the first time you use them in your paper.

**Confidentiality:** The contents of the term paper you submit will be held confidential. The term papers will not read by anyone other than your breakout professor and (in some cases) Professors Haidt and Buchanan. The contents will not be disseminated in any

fashion to anyone else. You are invited to disguise names and dates, particularly if your situation involves illegal activity.