
Ethics, Professional Standards and CSR

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Office hours: by appointment

Course Description

This short course shall discuss ethics, the role of a code of ethics in defining a profession, and the importance of ethics in the finance profession.

The course also covers the practical application of an ethic code and standards of professional conduct.

The course prescribes methodology and standards that are consistent with clear and honest presentations of results.

Objectives

The objective of the course is to introduce the student in the ethical dimension of the finance profession. In particular, by the end of the course the student is expected to be able to:

- Identify challenges to ethical behavior.
- Describe the role of a code of ethics in defining a profession.
- Understand the need for high ethical standards in the finance profession.
- Describe and apply a framework for ethical decision making.
- Identify the main financial scandals.
- Know how to use the main qualitative and quantitative signals of accounting fraud; and the tools to detect financial fraud.
- To be aware of the relationship between Corporate Governance and ethics.

Methodology

There will be 4 sessions of three hours each, each of which will consist of two 1.5 hour sessions with a 15 minute break. The course will combine lectures with case discussions, and presentation of reports about cases made by groups of students. During the discussion of some cases, the students will be divided in groups using the role playing approach.

Evaluation criteria

Grading will be done through:

-Class participation (40%).

-Final assignment (60%): This is a group work to be presented in PPT format in the last session. It will be a real case of financial or accounting fraud. The presentation should include an explanation of the fraud, how it was discovered and its consequences.

To prepare a PPT and oral presentation of a real case of accounting or finance fraud. You should explain:

- The company
- What happened?
- Losses produced
- How it was discovered
- There were red signals before the discovery?

Reading Materials / Bibliography/ Resources

Included in the calendar.

Bio of Professor

Professor of Financial Economics and Accounting, Universitat Pompeu Fabra

Studies

Degree in Business Administration and MBA by ESADE (1979)

Degree in Economics, UAB (1985)

Doctor in Business Administration, UAB (1991)

International Teachers Programme Stockholm School of Economics (1982)

Past Professional activities

Board member of CNMV (Spanish Stock Exchange Supervisor)

President of the Spanish Register of Accounting Experts

Dean Economists Association of Catalonia

Positions at UPF: Rector Vicerector of Economy and Information Systems, Director of the Department of Economy and Business

Calendar and Contents

Session	TOPIC	CASES to discuss in class	MATERIAL
1	1. Ethical dimension <ul style="list-style-type: none"> Ethics. Compliance. Values Corporate Social Responsibility Ethical issues confronting managers: Ethical dilemmas. Conflicts of interest Code of Ethics and Standards of Professional Conduct. 	Case VW Case Enron	<ul style="list-style-type: none"> Course slides Case Enron Standards of Practice Handbook, CFA Institute 2014 and Code of ethics. CFA Included in: https://www.cfainstitute.org/en/ethics-standards/ethics/code-of-ethics-standards-of-conduct-guidance Friedman, M. (1970): The Social Responsibility of Business is to Increase its Profits, <i>The New York Times Magazine</i> . https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html Stiglitz, J. (2019): Project Syndicate. Is Stakeholder Capitalism Really Back?, <i>New York Times</i> . https://www.project-syndicate.org/commentary/how-sincere-is-business-roundtable-embrace-of-stakeholder-capitalism-by-joseph-e-stiglitz-2019-08
2	2. Fraud <ul style="list-style-type: none"> Financial scandals Legal and illegal accounts manipulation Accounting manipulation and real accounts manipulation 3. Techniques to detect frauds. <ul style="list-style-type: none"> Detecting fraud in financial information Qualitative signals 	Case FTX (to read before the class)	<ul style="list-style-type: none"> Course slides Case FTX Amat , O. and Lloret, P. (2023): 55 Red Flags.
3	3. Techniques to detect frauds. <ul style="list-style-type: none"> Quantitative signals Z Scores 	Case Ricoh India (included in the article Singh and Amat, 2020).	<ul style="list-style-type: none"> Course slides Singh, N. and Amat, O. (2020): Detecting accounting fraud using quantitative techniques, <i>Compliance Penal</i> . https://www.upf.edu/en/web/econ/papers (Case Ricoh India)
4	4. Corporate Governance and ethics <ul style="list-style-type: none"> Corporate Governance pillars Ethical finance and ethical banking Presentation of Group Work.	Case Triodos Bank (to read before the class)	<ul style="list-style-type: none"> Course slides Case Triodos Bank