

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

BUSL204

***BUSINESS ETHICS AND
RISK MANAGEMENT***

Semester 2, 2011

Department of Accounting & Corporate Governance

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
BUSL204 UNIT GUIDE**

Year and Semester:	Semester 2, 2011
Unit convenor:	James Hazelton
Prerequisites:	BUSL201 or BUSL222 or BUSL250
NCCW:	BUSL304
Credit points:	3

Students in this unit should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

Business ethics and risk management issues have become increasingly important and relevant to modern business practice in recent years. Practical examples of situations where appropriate business ethics and risk management procedures have been absent are readily available – high profile corporate collapses, debacles over public sector infrastructure initiatives, fraudulent conduct in the workplace and current concerns of management practices. Resulting government interventions have been controversial and issues of public accountability present new challenges for business managers in the workplace.

This unit is designed to give students an understanding of the fundamental principles of business ethics and risk management, which will involve both technical and practical considerations.

TEACHING STAFF

The teaching staff members responsible for the delivery and administration of this unit are:

<u>Name</u>	<u>Room</u>	<u>Email</u>	<u>Phone</u>	<u>Consultation</u>
Mr James Hazelton (Unit Convenor)	E4A 239	james.hazelton@mq.edu.au	9850-8486	By appointment
Prof. Paul Barnes (Lecturer)	E4A 342	paul.barnes@mq.edu.au	9850-9178	By appointment
Prof. Philomena Leung (Lecturer)	E4A 336	philomena.leung@mq.edu.au	9850-4413	By appointment
Mrs. Julie Fell (Tutor)	E4A 248F	julie.fell@mq.edu.au	9850-4837	Thurs 10am-12pm
Ms Ruth Cox (Tutor)		ruth.cox@mq.edu.au		

CONSULTATION TIMES

Consultation starts from Week 3, and will continue during teaching weeks until the end of semester. Students are encouraged to seek help from a staff member teaching on this unit either during their regular consultation hours or by appointment (as per above). Staff will not conduct any consultations by email. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 2 and 3 of building E4A during their consultation hours please ring the staff member from the phones available in the lobby (phone numbers of relevant staff members will be provided on Blackboard and are available next to the phones). To make the best use of this resource, students should prepare and review their material prior to consulting with staff, and bring their own review notes and written questions with them.

Students experiencing significant difficulties with any topic in the unit must seek assistance immediately.

CLASSES

BUSL204 will be presented via three hours of face-to-face teaching per week, consisting of a two-hour lecture and a one-hour tutorial. The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/> .

Lectures:

A two hour lecture will be offered on Thursdays (08:00 – 10:00 in W5A T2). A recording of each week's lecture will be available for students to download from iLectures (via Blackboard) by the end of each week.

Tutorials:

Tutorials begin in Week 3 and are based on the previous week's lecture topic. Students are required to enrol in tutorials on-line and finalise their registrations by the end of Week 2, after which students ***must attend their registered tutorial***. Students are expected to attend all tutorials, and take notes on the answers discussed in classes as solutions to questions will not be released to students.

Tutorial activities for each week will be released on Blackboard in the week prior to the respective tutorial and will include short answer questions and/or case studies. Students are required to download these questions and ***prepare their answers before they attend their tutorial***. These weekly assignments should be typed and submitted at the end of the tutorial to be marked for completion. Students should note that they may only submit their weekly assignments in their registered tutorial. See the below section on *Relationship Between Assessment and Learning Outcomes* for further details regarding this item.

PRIZES

Prizes for this unit are detailed on the following website:

http://www.businessandconomics.mq.edu.au/undergraduate_degrees/prizes_scholarships

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

All students should have the following essential textbook:

- Brooks, L.J.; Dunn, P. (2010), *Business & Professional Ethics for Directors, Executives & Accountants*, 5th edition, South-Western Cengage Learning, Mason, OH, U.S.A.

Copies of this textbook and an electronic version can be purchased from the Macquarie University Co-op Bookshop.

Further readings and exercises are available via the internet, library Journal Finder and e-Reserve.

TECHNOLOGY USED AND REQUIRED

Blackboard:

To access the unit's online website on Blackboard, students need to navigate to the following website <http://learn.mq.edu.au>. Technical advice and assistance is available to students on the following website: <http://online.mq.edu.au/docs/tecinf.html>

As Blackboard will be used extensively in this subject, students need to ensure that you access this website on a regular basis by using your university username/password details. Students will need to contact the IT helpdesk if they face any difficulties (9850 4357 or 1800 063 191). Lecture notes should be downloaded from the website mentioned above and should be brought to the lectures. There is also a copy of this unit outline on this web page. ***Always check the website for important information as this is our main way of communicating with you.***

E-Reserve:

Extra readings and references will be placed on a link on Blackboard, known as e-Reserve. Students' tutorial questions and lecture content may be based on material and resources located at this link. Students need to download all relevant information to complete their tutorial questions and their learning objectives.

LEARNING OUTCOMES

By the end of this unit, students will have obtained:

1. A good general knowledge of the major issues in contemporary business ethics and risk management.
2. A sound understanding of the major ethical theories that inform the literature.
3. An ability to relate ethical theories to relevant case studies and current events.
4. An understanding of relevant legislation and best practice in relation to business ethics and risk management
5. The ability to develop one's own view or perspective, through consideration and analysis of the views and arguments presented in the unit, and the ability to present views with clarity and rigour.

GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

This unit contributes to this by developing the following graduate capabilities:

1. Critical, Analytical and Integrative Thinking
2. Problem Solving and Research Capability
3. Engaged and Ethical Local and Global citizens
4. Socially and Environmentally Active and Responsible
5. Capable of Professional and Personal Judgement and Initiative

TEACHING AND LEARNING STRATEGY

- How the unit is taught (eg, lecture & tutorials; seminar style; workshop based; use of web discussion page; set seminar questions; etc)
- What is expected of students (eg, participate in small groups; read in advance; follow current developments; etc)
- Week-by-week list of the topics to be covered. (*If this is too long to be placed here, you might choose to put it at the end of the unit guide.*)

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Students' final grades in this unit will be assessed based on the following weighted components:

Diagnostic Assignment	10%
Weekly Assignments	10%
Group Case Study Assignment	20%
Final Examination	60%

A summary of these assessment components is provided in the following table:

	Assessment Task 1	Assessment Task 2	Assessment Task 3	Assessment Task 4
Title/Name	Diagnostic Assignment	Weekly Tutorial Assignments	Group Case Study Assignment	Final Exam
Description	An early diagnostic task consisting of one typed A4 page answering prescribed questions relating to Weeks 2 & 3 lecture materials. Refer below for information on this assessment item.	Weekly typed submission of students' prepared answers to tutorial questions relating to the previous weeks' lecture material. Questions to be answered will be released on Blackboard in the week before the relevant tutorial.	Groups of no more than 4 students are to complete & submit a Case Study Written Assignment which will address prescribed questions. Refer below for information on this assessment item.	Closed book 2 hour examination. Information on structure / format of the final exam will be released in Week 13.
Due date	Week 4	Weekly – in tutorials	Week 8	Examination Period
% Weighting	10%	10%	20%	60%
Grading method	According to the provided marking guidelines.	Three assignments marked according to the provided marking guidelines and scaled to a mark out of 10.	According to the provided marking guidelines.	Marked according to marking guidelines approved by the Unit Convenor.
Submission method	Electronic submission via Turnitin. Instructions will be provided on Blackboard.	Submitted at the conclusion of each tutorial in which the student is registered.	Electronic submission via Turnitin. Instructions will be provided on Blackboard.	As per usual examination procedure
Feedback (<i>type, method, date</i>)	Grades will be available on Blackboard in Week 6 and marked assignments will be returned.	Assignments will be returned to students in their tutorial in the week following submission.	Grades will be available on Blackboard in Week 10. and marked assignments will be returned.	Refer to grading policy section below.

	Assessment Task 1	Assessment Task 2	Assessment Task 3	Assessment Task 4
Estimated student workload (hours)	It is estimated that an average student should spend 3-4 hours on this assessment task.	It is estimated that an average student should spend between 2-4 hours per week on this assessment task.	It is estimated that an average student should spend between 15 & 20 hours on this assessment task.	It is expected that students who have completed all the readings, undertaken all the in-semester activities, including assessment items, attending lectures and tutorials for the Unit should be well equipped to revise and study in a timely manner for the final exam.
Learning outcomes assessed				
1		X		X
2	X	X	X	X
3	X	X	X	X
4		X	X	X
5	X	X	X	X
Graduate capabilities assessed				
1	X	X	X	X
2	X		X	
3	X	X	X	X
4	X	X	X	X
5	X	X	X	X

Diagnostic Assignment:

The purpose of this task is to assess students' progress with the course content with the view to identify & support those students who are not engaging with the materials. Students performing poorly in this task (i.e. receiving a fail grade) should contact the Unit Convenor to discuss support options.

Required

Review the case "Smokers are good for the economy – really" on pp. 221-222 of the text and answer the following questions:

1/ Select one of the ethical theories discussed in Chapter 3 and explain how it would apply to the case.

2/ Briefly explain the implications for policy of combining the ethical analysis you have performed in question (1) with the actuarial analysis.

Word limit: **350 words**

Assessment will be as follows

0-4/10: Analysis does not demonstrate a good understanding of the theory and does not address one or more of the questions. Alternately maximum word count requirements are exceeded.

5-7/10: Analysis demonstrates a good understanding of the theory and all aspects of the question are addressed. Answers are logical and considered.

8-10/10: Analysis demonstrates a deep understanding of the theory. Answers are innovative in addition to logical and considered.

Weekly Tutorial Assignments:

Independent work on assignment exercises and problems is fundamental to satisfying the learning objectives of this unit. You are not expected to always have the right answers from your independent work but you are expected to make a significant attempt to assignment questions before each tutorial. Assignment length will depend on the particular week's questions, but as a guide they will average 2-3 typed pages.

Each week students will be required to submit written answers to the assignment questions for the topic area. Assignment questions will be posted on the unit webpage at the conclusion of each lecture. The tutorial assignments therefore provide an opportunity for students to develop the core learning outcomes on a week-by-week basis as well as written communication skills. The material covered in tutorials will also form the basis for the final examination.

It is expected that the written work you submit for the weekly assignments will be completed before the tutorial rather than during the tutorial. If it is noticed that an assignment is being prepared during the tutorial then it will not be considered satisfactory. Late assignments will not be accepted without a medical certificate.

On the front page of each weekly assignment that you submit please include the following:

- your student name
- your student number
- the following statement: “This assignment is my own work”

Students submitting the same or similar tutorial assignments to others in the unit risk disciplinary action. Students must also ensure that they do not inadvertently plagiarise material from textbooks or other readings. Copying material from the textbook or readings is also a form of plagiarism and will be awarded nil marks. Plagiarism is discussed in more detail below.

Over the course of the semester, weekly assignments will contribute to all the learning objectives listed above.

During the semester **three assignments will be collected at random and marked out of five**. The assessment criteria for tutorial assignments is as follows:

0/5 – Assignment is incomplete. One or more questions have not been attempted.

1/5 – Assignment is incomplete. All questions have been attempted, but some sub-parts of questions have not been addressed.

2/5 – All questions have been attempted but some answers are incorrect and / or superficial.

3/5 – All questions have been attempted and are substantially correct.

4/5 – All questions have been attempted and the student has answered questions in detail and has included their own opinions and/or analysis where appropriate.

5/5 - All questions have been attempted and in addition to providing their own analysis the student has related appropriate questions to other materials either in the unit or in the wider context. For example the student has related the question to a previous reading referred to a current event / media article.

Group Case Study Assignment:

You are required to submit one group assignment. Groups will be randomly determined by the Unit Convener. The group assignment is enhances the realization of the unit learning objectives in the following way:

- The assignment topic reinforces and extends core technical unit content;
- Working in a group environment facilitates the exchange of views and insights which may not be realized by working alone;
- Working in a group facilitates team working and collaboration skills critical in virtually all employment contexts.

Assignment details:

You are the proprietor of an Australian newspaper and have been following with alarm the events surrounding the closure of the News of the World in the UK. In particular you wish to make sure that similar events do not occur at your own newspaper.

Required

1. Using the ethical theories and/or frameworks discussed in Chapters 3 and 4 of the text discuss what you consider to be the key ethical issues of the News of the World case.
2. Drawing on the key elements of corporate governance and accountability discussed in Chapter 5 of the text, to what extent were the governance structures at News of the World deficient?
3. What three practices would you consider to be most important to implement at your own newspaper to ensure that similar events do not occur?

Word limit: 2000 words

Your report should identify the percentage contribution of team members and be signed by each team member. **Where members did not equally contribute this should be stated in the sheet signed by all team members** so that marks can be apportioned accordingly.

Assessment will be as follows:

5% Depth of research

- 0-2: References limited to materials cited in class. References not well understood.
- 3-4: References substantially beyond materials cited in class. References well understood and used appropriately to further the analysis.
- 5: References substantially beyond materials cited in class and included **contemporary academic journal articles**.

10% Quality of analysis

- 0-4: Analysis does not demonstrate a good understanding of the issues. Key arguments are not discussed or addressed. For example, only one side of a particular issue is given and objections to this position are not considered.

- 5-7: Analysis demonstrates a good understanding of the issue. Key arguments are discussed and addressed. For example, where a position is argued objections to this position are considered. A logical overall conclusion is provided.
- 8-10: Analysis demonstrates a deep understanding of the issue. In addition to detailing current knowledge and opinion, the assignment provides an original perspective in the form of a new idea, objection or insight.

5% Presentation and Referencing

- 0-2: Extensive referencing and/or grammatical errors and/or word limit exceeded.
- 3-4: Few referencing and/or grammatical errors.
- 5: No referencing and/or grammatical errors.

High quality assignments may be submitted and considered for publication in Scholaris (a student e-journal). The details of the special issue of Scholaris calling for papers on sustainability and business ethics is attached as an Appendix.

FINAL EXAM

A final examination is included as an assessment task for this unit to provide assurance that:

- i) the product belongs to the student and
- ii) the student has attained the knowledge and skills tested in the exam.

A 2 hour final examination for this unit will be held during the University Examination period.

The University Examination period in Second Half Year 2011 is from 15 November 2011 to 2 December 2011.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University's policy on special consideration process is available at

http://www.mq.edu.au/policy/docs/special_consideration/policy.html

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

The Macquarie University examination policy details the principles and conduct of examinations at the University. The policy is available at:
<http://www.mq.edu.au/policy/docs/examination/policy.htm>

GRADING

Macquarie University uses the following grades in coursework units of study:

HD –High Distinction
D – Distinction
CR – Credit
P – Pass
F – Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:
<http://www.mq.edu.au/policy/docs/grading/policy.html>

All final grades in the Department of Accounting and Corporate Governance are determined by a grading committee and are not the sole responsibility of the Unit Coordinator.

Students will be awarded one of these grades plus a Standardised Numerical Grade (SNG). The SNG is not necessarily a summation of the individual assessment components.

The final grade and SNG that are awarded reflect the corresponding grade descriptor in the Grading Policy.

In addition, there is a requirement to pass the final examination to be awarded a final grade of a Pass or a higher grade.

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at:
http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at: <http://www.student.mq.edu.au>.

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice. Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

LECTURE AND STUDY SCHEDULE

Week	Week Beg	Topic	Lecturer	Readings
1	1/8/2011	Introduction to the Unit	James Hazelton	No Readings
2	8/8/2011	Ethical Behaviour	James Hazelton	Brooks & Dunn Chapter 3
3	15/8/2011	Practical Ethical Decision Making	James Hazelton	Brooks & Dunn Chapter 4
4	22/8/2011	Ethics Expectations <i>Early Diagnostic Assignment Due</i>	Paul Barnes	Brooks & Dunn Chapter 1 Directed Reading 1
5	29/8/2011	Enron Events Motivate Governance/Ethics Reform	Paul Barnes	Brooks & Dunn Chapter 2 Directed Reading 2
6	5/9/2011	Corporate Ethical Governance & Accountability Framework	Paul Barnes	Brooks & Dunn Chapter 5 Directed Reading 3
7	12/9/2011	Governance & Compliance – Australian Environment	Philomena Leung	Directed Readings 4
		Mid Semester Break (2 Weeks)		
8	3/10/2011	Professional Accounting in the Public Interest – Part 1 <i>Group Assignment Due</i>	Paul Barnes	Brooks & Dunn Chapter 6 pp 343-372
9	10/10/2011	Professional Accounting in the Public Interest – Part 2	Paul Barnes	Brooks & Dunn Chapter 6 pp 372-end Directed Reading 5
10	17/10/2011	Managing Ethics Risks & Opportunity – Part 1	Paul Barnes	Brooks & Dunn Chapter 7 Directed Reading 6
11	24/10/2011	Managing Ethics Risks & Opportunity – Part 2	Paul Barnes	Brooks & Dunn Chapter 7 Directed Reading 7
12	31/10/2011	The Sub-Prime Lending Fiasco – Ethical Issues	Paul Barnes	Brooks & Dunn Chapter 8 Directed Reading 8
13	7/11/2011	Review & Unit Wrap-up	Paul Barnes	No new readings

Lecture material and tutorial questions are available for students to download from Blackboard and e-Reserve. Students need to download and prepare relevant material prior to attending their lectures and tutorials.

DIRECTED READINGS

1. Barnes, P. "Minsky's financial instability hypothesis: Information asymmetry and accounting information: events surrounding the UK financial crises of 1866 and 1987", *Accounting History*, 2007, vol. 12, 1: pp. 29-53. [Download via Journal Finder]
2. Barnes, P. "Auditor independence when management attempt to mislead: a rational economic analysis", *Journal of Forensic and Investigative Accounting*, 2011. [Download via e-Reserve]
3. Barnes, P. "The litigation cost rule and its implications for auditing and financial statements: the 'American system' versus the 'British system'", Working paper. [Download via e-Reserve]
4. Readings will comprise relevant parts of the following (as advised in the lecture):
 - Corporate Governance and Financial Performance in an Australian context, Treasury working paper 2009-02, www.treasury.gov.au/contentitem.asp?NavId=049&ContentID=1495
 - ASX Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd edition, ASX, accessible through ASX website
 - European Accounting Review, vol 14, no. 2 [Download via Journal Finder]
 - International Federation of Accountants, APES 110 Code of Ethics for Professional Accountants, accessible through CPA Australia website
 - Other websites: www.arts.unsw.edu.au/aapae, www.cappe.edu.au
5. Barnes, P. and M. Anton-Renart "Auditor independence and client bargaining power: Some Spanish evidence concerning the going concern decision", *International Journal of Auditing*, forthcoming. [Download via e-Reserve]
6. Barnes, P. "The use of accounting information to curb conflicts of interest: A case study of UK building societies", Working paper [Download via e-Reserve]
7. Barnes, P. "Insider dealing and Market Abuse: The UK's record on enforcement", *International Journal of Law, Crime and Justice*, in press, [Download via Journal Finder]
8. Barnes, P. "Minsky's financial instability hypothesis: Information asymmetry and accounting information. An addendum: the financial crisis of 2007-9 in the UK", *Accounting History*, 2011 forthcoming. [Download via e-Reserve]

Appendix

CALL FOR SUBMISSIONS – SPECIAL ISSUE IN SCHOLARIS (eJournal of Accounting and Finance):

PERSPECTIVES ON SUSTAINABILITY AND BUSINESS ETHICS IN ORGANISATIONS

Increasingly, politicians, academics, business leaders and individuals are engaging with the twin imperatives of sustainability and business ethics. Sustainability discourse encompasses economic, social and environment dimensions and includes issues, such as climate change, recycling and waste reduction, ecological footprints, renewable energy, global equity and quality of life. Business ethics is a distinct but related field, which considers corporate social responsibility, social and environmental accountability and accounting, corporate governance, corporate culture, and corporate moral agency. Business ethics has become a prominent agenda item for many organisations given corporate scandals and waning public confidence in organisations. The purpose of this special issue is to provide a forum to explore what regulators and/or organisations are doing to respond to calls for sustainability and resolve the vast array of ethical dilemmas confronting them. We invite high-quality submissions which acknowledge the dynamic complexity, diversity and opportunity of sustainability and business ethics.

Topics of interest include, but are not limited to:

- ❖ Sustainability frameworks and models
- ❖ Sustainability theories
- ❖ Theories of Business Ethics
- ❖ Best sustainability practices
- ❖ Best business ethics practices
- ❖ Corporate Social Responsibility
- ❖ Corporate Social Responsibility and Ethics
- ❖ Sustainable reporting and accounting
- ❖ Sustainability and performance measurement
- ❖ Sustainability and supply chain planning and control
- ❖ Sustainability and Assurance
- ❖ Environmental Ethics in Business
- ❖ Business Ethics and Finance
- ❖ Business Ethics and Accounting
- ❖ The role of regulation in promoting sustainability and business ethics

Notes for Prospective Authors

Please refer to the Scholaris website: www.scholaris.mq.edu.au for Information for Authors