

# Seoul National University Business School

Spring 2023

## 981.522: Business Ethics and Legal Issues

**Class Hours:** Mondays, Wednesdays 14:00 – 18:00 (office hours: 13:00 - 14:00)

**Classroom:** TBA

**Instructor:** Woojin Kim

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### COURSE DESCRIPTION

This course is intended to provide the students with a general framework of understanding various practical implications and legal consequences of potential conflicts of interests within a corporation. A fundamental underlying theme is the agency relationship between managers or insiders and outside investors. Special attention is paid to corporate environment in non-U.S. countries. Recent emphasis on ESG and its implications will also be covered.

The course will be composed of three parts. In part one, we review the structure of corporations around the world to understand how they may relate to different types of conflict of interest in a firm or within a business group. In part two, we introduce various forms of detailed transactions that could potentially harm the interests of outside investors and how the legal environment in each country protects or allows such transactions. In part three, we discuss the integrity of the capital market as an integral part of general investment ethics focusing on issues of insider trading and market manipulation.

### PRE-REQUISITES

Students taking this course should have taken Corporate Finance or Financial Management. Students who have not should consult with the instructor on the first day of the course.

## **TEXT BOOKS/REFERENCES**

The following articles may be used as references. There is no single textbook.

[1] J.W. Weiss, 2014, Business Ethics: A Stakeholder and Issues Management Approach, 6<sup>th</sup> edition, Berrett-Koehler Publishers

[2] Morck, Randall; Wolfenzon, Daniel; Bernard Yeung., “Corporate Governance, Economic Entrenchment and Growth”, Journal of Economic Literature, Sep2005, Vol. 43 Issue 3, p655-720.

[3] CFA Institute, Standards of Practice Handbook, 9<sup>th</sup> edition, 2005.

## **CLASS NOTES/OTHER MATERIALS**

Lecture notes will be posted before each class on the SNU Business School website.

## **GRADING**

Group Presentation	30%
Participation/Attendance	10%
Quizzes	20%
Final Exam	40%

## **GROUP PRESENTATION & PARTICIPATION**

Each student will be assigned to a group that must give a presentation on a pre-assigned topic. The group should be composed of 3 to 4 members (subject to change depending upon the number of students registered).

Details on group presentation will be explained later on in the class.

Students will also be evaluated on their overall participation during the course, including attendance and questioning to the instructor and the presenting groups.

## **QUIZZES**

Multiple choice quizzes may be given at the beginning of each class, which will be notified in advance.

## **FINAL EXAMINATION**

In-class, closed-book examination will be held at the end of the course. To assist students' exam preparation, sample exam questions will be handed out prior to final exam.

## **COURSE OUTLINE**

### **PART 1. Preliminaries**

[Week 1-1] Course Overview and Scope / Ethics and Economics / Shareholderism vs. Stakeholderism / ESG

[Week 1-2] Conflict of Interest in Corporations and Business Groups

### **PART 2. Transactions and Legal Consequences**

[Week 2-1] Private Benefits of Control / Tunneling I

[Week 2-2] Tunneling II

[Week 3-1] Legal Protection of Investor Rights

### **PART 3. Maintaining Integrity of Capital Market**

[Week 3-2] Integrity of Capital Market

[Week 4-1] Group Presentation

[Week 4-2] Final Exam

## **ASSIGNMENTS**

### **GROUP PRESENTATION & PARTICIPATION**

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Details on group presentation will be explained later on in the class.

Students will also be evaluated on their overall participation during the course, including attendance and questioning to the instructor and the presenting groups.

### **QUIZZES**

Multiple choice quizzes may be given at the beginning of each class, which will be notified in advance.

### **FINAL EXAMINATION**

In-class, closed-book examination will be held at the end of the course. To

accommodate online participants, on-line exam will be administered electronically for