

Integrating Ethics into Finance Curriculum

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ABSTRACT

Finance text books posit that the goal of a financial manager is to maximize shareholder wealth. The role of ethics in finance is quite ambiguous. If financial theory is solely viewed in the context of wealth maximization, then ethics will appear as a constraint to the fundamental goal of wealth maximization. If ethics is merely a constraint then it produces dilemmas that can tempt practitioners to violate ethical norms if the cost of that violation is less than the expected pecuniary (monetary) benefits. This paper shows that rather than be a constraint, ethics can be effectively integrated into the finance curriculum. The pursuit of ethics is shown to be consistent with shareholder wealth maximization.

Keywords: Ethics, Shareholder Wealth Maximization, Social Responsibility, Agency Problems

INTRODUCTION

Bangladesh Bank's Mujeri and Rahman (2008) in their recent policy paper point out that moving into the future, Bangladesh will have to rely more on capital markets to raise the necessary money to fund capital expansion projects. The policy paper asserts that, "There is both a scope and a need to develop financial instruments to tap the domestic capital market to finance infrastructure and similar projects. Along with generating additional investment funds, this will also promote better risk sharing, accountability, and financial management." In developing markets like Bangladesh, the financial system is heavily dominated by banks. Non-bank financial institutions do offer some financing but financing via debt market is generally small and the stock markets are in their infancy, albeit growing rapidly. Bangladesh is one emerging market that is well poised for growth. Slowly but steadily the capital markets are developing. Market capitalization has grown at an average annual rate of 77 percent from 2003 to 2008. Despite this growth, most small investors cannot access the capital markets due to a paucity of mutual funds. Mutual funds allow small investors to become participants in the capital market providing them with a quality alternative to bank savings. All that seems to be on the verge of change with Bangladesh set to

introducing its first open end mutual fund in early 2010. At least eleven closed end funds trade on the Dhaka Stock Exchange.

The development of the capital markets will be no panacea for economic growth of a developing country like Bangladesh. Bangladesh has been consistently cited by Transparency International as one of the countries with the highest levels of corruption.¹ Transparency International is a civil society organization and it cites the economic cost of corruption as, "Economically, corruption leads to the depletion of national wealth. It is often responsible for the funneling of scarce public resources to uneconomic high-profile projects, such as dams, power plants, pipelines and refineries, at the expense of less spectacular but fundamental infrastructure projects such as schools, hospitals and roads, or the supply of power and water to rural areas. Furthermore, it hinders the development of fair market structures and distorts competition, thereby deterring investment."² The development of the financial markets in Bangladesh will have to go hand-in-hand with the development of an ethical culture in its financial and capital markets.

The close relation between perception of ethics and the development of financial markets is easily discerned from the fact that the three largest economies of the world US, Japan and Germany all rank among the top 20 (least corrupt) in the Corruption Perception Index. Business school curriculums are increasingly emphasizing the integration of ethics. Professional organizations like Chartered Financial Analysts (CFA) are also promoting the integration of ethics. So are business school accreditation bodies, such as the Association to Advance Collegiate Schools of Business (AACSB). Effectively integrating ethics and social responsibility into finance pedagogy allows the grooming of professionals who can avoid the ethical pitfalls that have become the hallmark of many financial scandals in the past years. Enron, Worldcom and Tyco have become household names for the wrong reasons. The failures of such large firms to exercise ethical behavior points to a need for further emphasizing ethics in business and finance curriculum.

Dobson (2008) defines ethics as the study of the best justification for action. Thus ethics is the normative (i.e., prescriptive) study of rationality. He suggests a three level integration approach towards teaching ethics in finance. The first level requires using Jensen and Meckling's (1976) agency theory to illustrate the

¹ In 2008 Bangladesh was ranked 147 out of 180 in the Corruption Perception Index. The methodology for calculating this index is outlined in http://www.icgg.org/downloads/Methodology_2008.pdf. In 2005 Bangladesh along with Chad were tied for last place in the Corruption Perceptions Index.

² Transparency International FAQ. Sep 2, 2009. Website: http://www.transparency.org/news_room/faq/corruption_faq

problems of moral hazard and adverse selection inherent in the principal-agent relationship between shareholders (principal) and managers (agent), between bondholders (principal) and managers (agent), between shareholders (principal) and board of directors (agent) and between investors (principal) and market analysts or stock brokers (agents). Adverse selection problem arises as a result of information asymmetry between principals and agents. Principals desire to make investments in “good” companies on the basis of interpreting “signals” from firms. The signals may be advertent like paying large dividends or inadvertent like being named the “best” in some competitive category of corporate performance. Moral hazard arises when agents are tempted to act on their own self-interest and not those of the principal. Moral hazards may be in effect even if information asymmetry is removed. Moral hazards can be taught in classrooms using standard game theory such as the classic Prisoner’s Dilemma. The quest to build and maintain the reputation of a firm can become a powerful motivator towards avoiding moral hazards and poor ethical choices.

Further integrating ethics into the finance curriculum can be achieved by offering full courses in Ethics. Several good books such as, *Finance Ethics: The Rationality of Virtue* (1997) and *Ethics in Finance* (1999) can be used as text books. The first step in effective integration of ethics is to convince students that shareholder wealth maximization is indeed consistent with the pursuit of ethics and social responsibility. More directly, ethics cannot and should not be a constraint to the pursuit of wealth maximization.

However, the prevailing academic and business view in the United States is that shareholder wealth maximization is consistent with the utilitarian concept that posits greatest-good-for-the-greatest-number of people. In the U.S., shareholder wealth maximization is usually accepted as the appropriate goal for businesses. All basic finance text books unambiguously proclaim that the goal of financial management is to “maximize shareholder wealth.” This is taken as axiomatic truth and is often presented in several equivalent forms such as maximizing share price or maximizing firm value.

Shareholder wealth maximization (SWM) is presented as utilitarian justification i.e. an argument in favor of efficiency. Market efficiency thus becomes a major policy goal in the development of free trade and free markets. A utilitarian based system seeks to improve market efficiency whereby capital is allocated to its most productive use (producing the highest net present value). The utilitarian philosophy also argues that in the long run, other stakeholders (such as employees, customers etc.) are better off as SWM gives managers a simple and objectively measurable goal. It argues that in the end, both efficiency and fairness are maximized in this model as shareholders being the corporation’s residual beneficiary get the “left-over” wealth after other claimants receive their due via their contracts with the corporation.

JUSTIFYING THE ROLE OF THE SHAREHOLDER

A modern corporation is an artificial being and only exists in the "contemplation of the law."³ Corporate governance is broadly concerned with who has the right to control the activities of the firm. In the U.S., the prevalent is to rely on the set-of-contracts theory of the firm. In this view, the firm is described as nexus of contracts (Figure-1). Following the pioneering work of Coase (1937) economists such as Alchian and Demsetz (1972), and Jensen and Meckling (1976) developed the theory of firm using the concept of principal-agent relations.

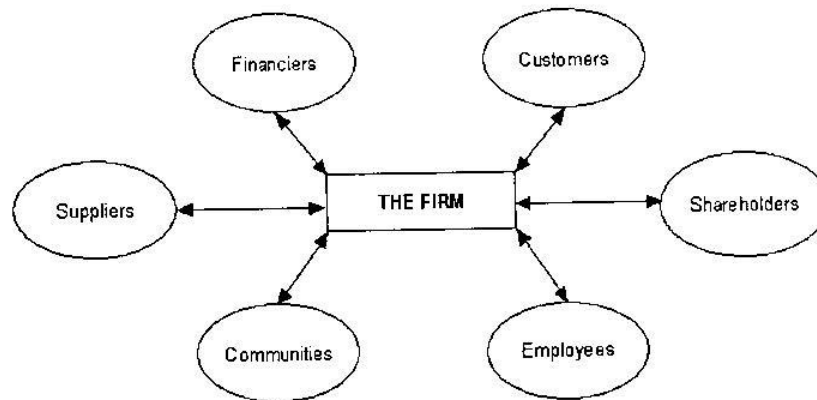


Figure – 1: The Firm as a Nexus of Contracts

In the nexus of contracts view point each corporate constituency, including employees, customers, suppliers, and investors each have a contractual obligation with the firm. The contract specifies the gains made by the contractor in exchange for any asset received by the firm. Coase (1937) posits a firm to be a hierarchy of structured relationships, whereby through voluntary contracting relationships individuals can achieve more than they can alone in the marketplace. For example, by being an employee the individual submits to authority but in return the person is able to earn more than as an independent contractor in the marketplace. Thus firms are based on voluntary market exchanges. In these market exchanges, rational economic actors are assumed to seek the greatest benefit for the least cost, thus maximizing their own welfare (Boatright, 2002).

The firm, given that it is a nexus of contracts, brings together a diverse group of individuals with possible conflicting goals and interests. Thus the firm must

³ Chief Justice John Marshall from the *Trustees of Dartmouth College v. Woodward*, 4, Wheaton 636 (1819).

develop mechanisms that allow entities with divergent goals to cooperate to further the mission of the firm. In part, this is accomplished by structuring the business relations as agency relations, in which, an *agent* (manager) agrees to act on behalf of the *principal* (owner). Jensen and Meckling (1976) defined agency relationship as: "...a contract relationship which one or more persons (the principal) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal."

The use of "utility maximizers" instead of "profit maximizers" is to highlight the fact that individuals not only try to increase monetary profits (pecuniary activities) but also attempt to increase their non-monetary (nonpecuniary) activities in order to increase their utility or satisfaction, thus taking longer coffee breaks or lunches during office hours. Utility can also be increased by simply not undertaking certain activities that require effort, or activities that cause "disutility" like undertaking and managing riskier projects to increase profitability or working harder and smarter to increase efficiency.

To remain focused on their goal of value maximization, the principal will impose monitoring activities like appointing an auditor to check financial accounts, or committing to pay high dividends. Such activities are not free and the company often bears the cost of such activities. These monitoring activities are considered agency costs.

Although shareholders are called the owners of the corporations, their ownership is different from traditional concepts of ownership such as owning a house or a car. Shareholder ownership of a corporation is to have the right to control the firm and the right to receive the residual earnings or cash flows. Debtholders who also supply capital to the firm are promised to be repaid a fixed dollar amount (F) by a certain date. The shareholders on the other hand claim whatever remains after the debtholders have been paid. Thus the shareholders are called the residual claimants of the firm. The shareholders do not get anything if the value of the firm is less than the amount promised to be paid the debtholders (Figure-2). F is the promised payoff to the debtholders. $X - F$ is the payoff to the equity or shareholders, if $X - F > 0$. Otherwise the payoff is 0. The payoff diagram for the equity holders is like the payoff of a call option. The equity holders have a right to participate in the residual earnings and may exercise their right as long as the $X > F$. The debtholder payoff is akin to the strike price of a call option.

The contractual theory of the firm provides both a justification and explanation for the shareholders being considered by practice and law the owners of the firm. The contractual theory is not logically tied to any assignment of rights. Boatright (2002) contends that the shareholders do not have an absolute

right to control but have some specific legal rights that confer, "de jure power on such matters as the election of directors, proxy proposals, charter revisions, and merger and acquisitions." The business judgment rule shields many management actions from shareholders. In some instances, bond covenants give other investors such as bond holders the right to intervene in certain matters. Thus, the powers of the shareholders are not absolute, often shared with others and determined by contracting.

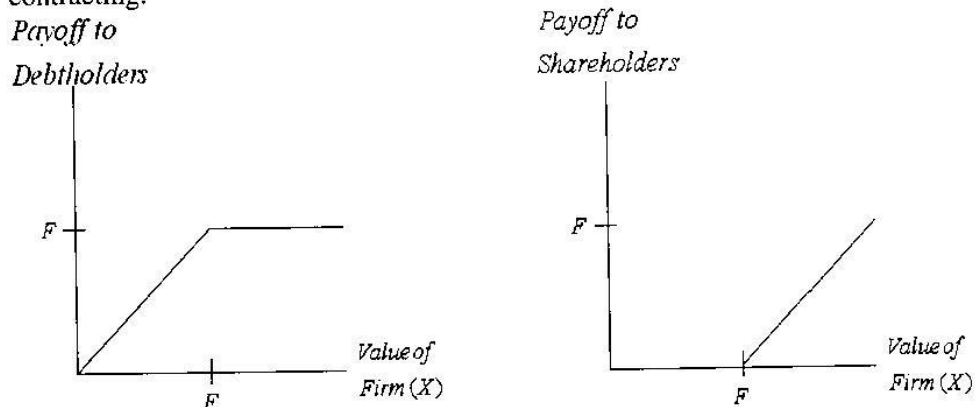


Figure – 2: Debt and Equity as Contingent Claim

Sometimes external constituents like advocacy groups or non-governmental organizations (NGOs) may exert "control" over the firm by having the ability to mobilize public opinion and lobby governments. For example an environmental group that forces a firm to install new pollution control devices has determined the use of a firm's revenue thus exercising control. The right to residual earnings is then merely a claim on remaining earnings or cash flow after every other stakeholder has exacted their share. Some these shares may be contractually obligated (such as employee salaries) others maybe implicit contracts (the expectations of common citizenry that the firm behaves within established norms or ethics of the society). Every stakeholder under a free market scenario thus enters into a contract upon their free will and has the right to negotiate a greater share of the firm's revenues.

The right to control and the right to residual earnings are benefits to the shareholders but these benefits come at a cost. Hansmann (1996) identifies these costs of ownership as the costs of controlling managers, the costs of collective decision making, the costs of risk bearing.

One feature of a modern day corporation is separation of ownership and control (Berle & Means, 1932). Shareholders are atomistic but own the corporation. However, day to day control of the firm rests with managers.

Without appropriate means to restrain or monitor managers they are likely to engage in behavior that enriches them, not necessarily the firm. Decision making even when ownership is not diffuse is a costly process requiring means to gather and process information. Also as residual claimants shareholders, unlike bondholders, are not guaranteed any specific returns. The residual benefit comes with the additional cost of bearing the residual risk.

THE MORALITY BEHIND SHAREHOLDER WEALTH MAXIMIZATION

The objective of firm is to maximize shareholder wealth which has a sound economic and legal basis to it. This is also unquestioningly accepted by business practitioners and business school academics. Business ethicists like Buchholz and Rosenthal (1997) contend that there are no justification shareholders to occupy such exalted status. They write, "The idea that shareholders are the group that takes the greatest risk and thus deserves special treatment is a fiction." Dobson (1999) posits the question, "what is the moral status of shareholder wealth maximization as the ultimate justification for corporate activity?"

Shareholder wealth maximization is neither amoral nor immoral. It is rather philosophically rooted in the morality of marketplace. Take for example the well publicized recent controversy regarding American talk show host Don Imus. On April 4 edition of MSNBC's *Imus in the Morning*, he said referred to the players in the women's basketball team at Rutgers as "nappy-headed hos." This was not the first time Imus has used derogatory language to insult minorities. Imus has repeatedly made racist and bigoted comments about African-Americans, Jews, Asians, and other minority groups.⁴ His latest comment was viewed as derogatory towards African-American women. A few days later the simulcast of Imus' show on MSNBC was cancelled and later he was fired from his position by CBS. Imus had not violated any law and decision by CBS and MSNBC was hailed by many as the right thing to do while others derided it as infringement of first amendment (free speech) rights. Did CBS act in a way that was consistent with shareholder wealth maximization? Did CBS make a moral judgment or an economic one or simply acted within the framework of the marketplace for morality?

⁴ In 2004 Imus commenting on the alleged execution of a wounded Iraqi by a U.S. Marine, a fictitious "Senior Military Affairs Advisor" to the program justified the killing by referring to a "booby-trapped raghead cadaver." Another "Imus" program referred to Palestinians as "stinking animals" and suggested that they all be killed. As early as 1985, Imus was forced to apologize for referring to Arabs as "goat-humping weasels." In a reference to the 2004 crash of an Iranian airliner that killed 43 passengers, Imus said, "When I hear stories like that, I think who cares." He then stated: "Too bad it wasn't full of Saudi Arabians." On Nov 30 2006, described Imus referred to "Jewish management" of CBS Radio as "money-grubbing bastards."

Although Imus' ranting was not new, this time the media coverage was perhaps more widespread. This created a significant and critical mass of criticism. Non-governmental groups or advocacy groups made appeals to advertisers to not support Imus' show and were threatened with economic sanctions from customers.⁵ By firing Imus, CBS acted as a conduit for the ethical beliefs of the stakeholders. CBS did not need to become expert on the U.S. Constitution nor did it need to conduct a shareholder referendum to determine their moral beliefs. CBS made an ethical or moral decision but within the framework the morality of the marketplace.

Dunfee (1998) suggested that the market has an ethic and that the morality of the marketplace provides a unifying framework that integrates moral preferences, reasoning, behaviors and organizational contexts with due consideration for the political and economic background that the firm is operating in.

In a marketplace for morality (MOM) the role of the non-governmental (NGO) groups become very critical. It becomes the responsibility of the NGOs to ensure that the shareholder wealth maximizing firm pays heed to the moral positions of its stakeholders not just placate the wishes of the shareholders. The firm will have to consider the NGO a partner. For example instead of settling for Greenpeace activists standing outside oil headquarters as protestors, why not bring them into major oil industry conferences as delegates and sit with them to discuss ways to both protect the environment and pursue profitable opportunities.

Dunfee (1998) does not advocate giving the markets a free rein on the issue of ethics. He posits the following framework to making decisions: "The stronger the consensus identified within a MOM, the greater the justification required to override the output of MOM." This implies that if the outcome is clear, go with utilitarianism (i.e. MOM) but if it is a close call pay heed to the creedal ethics or generally accepted social norms for conduct. In the case of Imus the MOM had spoken clearly. The combined pressure from civic groups generated enough heat so as to make advertisers think twice about associating their products with a bigoted world view. Once advertisers threatened to pull out, the decision for CBS to pull the plug was both consistent with shareholder wealth maximization and consistent with ethics or morality.

⁵ Civil rights activist Rev. Al Sharpton called upon presidential candidates to not appear on the Imus Show. On April 6, 2007 the National Association of Black Journalists expressed their outrage and called calls for an immediate, sincere and unequivocal apology from the sophomoric host and expected all journalists of all colors to boycott his show until he acknowledges and apologizes for his damaging remarks.

INTEGRATION OF ETHICS INTO FINANCE

Milton Friedman viewed the social responsibility of business to increase its profits, constrained by “ethical custom.” Hosmer (1994) and Noe and Rebello (1994) argue in favor of linkages between business ethics and economic activity. Trust built on long-term ethical behavior becomes the only practical way to capture the synergies of internal and external constituents all working towards the common good. But viewing ethics only within the conceptually rigid rubric of financial-economic theory relegates ethics, “into the subservient and ambiguous role of supporting some fundamental materialistic objective,” (Dobson, 1993). The conception of ethics as a constraint to the objective function of value maximization is illogical as it can be construed to sanction unethical behavior and it is ambiguous as it contradicts the history of moral philosophy, which views ethics as a source of motivation.

MacIntyre (1984) notes that, “the whole point of ethics – both as a theoretical and practical discipline – is to enable man to pass from his present to this true end.” This true end varies among different individuals and is somewhat contingent upon societal norms. While the external aspect of the true end varies in its outward form (seeking the pleasure of God for religiously inclined people), there is a common thread of a yearning for some “internal good” as an object of pursuit. Thus the goal ought to be to internalize ethics as pursuit that has intrinsic goodness in it and thus cannot be viewed as a constraint to some hedonistic goal of wealth maximization.

Often the preservation of reputation of the firm or confidence in the integrity of the market is considered a motivation for ethical behavior. But such a view stands on a very slippery slope where ethics is being considered as something whose adherence is optional so long as one’s action does not hurt a firm’s reputation or erode confidence in the markets.

The ethical ideal is to pursue the internal good, which Adam Smith defines as being “perfectly virtuous” i.e. “the man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence.” This does not imply that we need to discard the traditional financial economic goal of wealth maximization. But human beings are motivated by not just wealth maximization but also other personal factors (although such factors are often nebulous and do not lend themselves to empirical measurement). Bowie (1991) writes, “Looking out for oneself is a natural, powerful motive that needs little, if any, social reinforcement...Altruistic motives, even if they too are natural, are not as powerful: they need to be socially reinforced and nurtured.”

Attaining “internal good” is necessary not just for altruistic reasons but also for profit making purposes. Providing profit by harming society perverts the purpose of business. To enable this pursuit of internal good by societal norms and

internal business culture must be made intrinsic to both personal and professional goals. Dobson (1993) writes, "... then financial markets would become truly ethical. Dishonesty and deceit would be anathema, because honesty and integrity are themselves internal goods. A truly ethical individual, pursuing internal goods, would never sacrifice honesty for material gain, but only too readily sacrifice material gain for honesty."

What is needed is a fresh way to approach the question of ethics. Ethics is not merely the avoidance of wrongdoing but rather an internal motivation for individuals to pursue moral excellence as a goal in and of itself. **Thus ethics becomes a goal rather than a constraint.** This approach is based on the philosophical foundation of what is called virtue ethics. The "virtue" in virtue ethics is the attainment of "balance" in decision making. Virtue ethics is concerned with the pursuit of morally inclusive excellence and it has four attributes.

First, the delineation and emphasis on generally accepted virtues. A virtue is an internal good that the characteristic of which is the achievement of good for the whole community and not just the individual. Thus, virtue ethics views professional development as a moral process, arguing that one cannot be practically rational without being just. This approach places morality on the center stage rather than a peripheral constraint to the maximization of external goods (characteristically objects of competition).

Virtue ethics secondly emphasizes the existence a community that nurtures these virtues. Thus for virtues to flourish it needs a conducive infrastructure. In this model the firm or even the market can become a nurturing community – a community with a collective and stated. In this model the aspiration of the individual is nurtured by the business organization that the individual is part of.

The third aspect of virtue ethics is the role of moral judgment. This implies that virtue ethics is not so much about rules as it is about exercising sound judgment. Finally, the role of moral exemplars is critical for the application of virtue ethics. This underscores the point that ethics can be learned by observing others. Goldman (1993) summarizes the role of exemplars as follows, "The exemplar theory suggests, however, that what moral learning consists in may not be (primarily) the learning of rules but the acquisition of pertinent exemplars or examples. This would accord with the observable fact that people, especially children, have an easier time assimilating the import of parables, myths, and fables than abstract principles. A morally suitable role model may be didactically more effective than a set of behavior maxims."

Dean (1992) establishes eight basic virtues that financial practitioners must adhere to:

1. Due care and concern for others in professional activities.
2. Respect, where appropriate, confidentiality.

3. Fidelity to special responsibilities.
4. Avoidance of conflicts of interest.
5. Willing compliance with the law.
6. Acting in good faith during negotiations.
7. Respect for human well-being.
8. Respect for liberty and constitutional rights of others.

BALANCING BETWEEN FAIRNESS AND EFFICIENCY

Shefrin and Statman (1993) writes, "when laymen read newspaper accounts of insider trading they think about ethics. When financial economists read about insider trading they think efficiency." Regulation of financial markets is shaped by considerations that go beyond efficiency or self-interest. These considerations include concern for ethics or fairness.

In a fair market, all parties have equal access to information relevant to asset valuation, but are entitled to nothing more. Efficiency exists when no other feasible allocation of resources and technology can improve one person's situation without harming that of another. Efficiency also means prices that accurately reflect current information. Efficient prices provide proper guidance to entrepreneurs, managers and investors. By observing prices, managers can avoid projects with negative expected net present value, and investors can design and hold optimal portfolios.

Shefrin and Statman (1993) identify seven classes of financial market fairness by the entitlements they provide:

1. freedom from coercion,
2. freedom from misrepresentation,
3. equal information,
4. equal processing power,
5. freedom from impulse,
6. efficient prices and
7. equal bargaining power.

Both fairness and efficiency are essential to the effective performance of any financial market. More often than not, regulations can effectively balance between fairness and efficiency. But as the financial crisis shows, more needs to be done. Here is a brief recap of a few financial market regulations that effectively balance between fairness and efficiency.

1. Merit regulations apply for firms trying to raise public funds. The regulations alleviate informational asymmetry by forcing mandatory disclosure of

company information. Merit laws introduce expensive compliance costs but they also enhance rights to equal processing power and freedom from impulse. Merit regulations do take power from entrepreneurs and give it to investors but in the process they allow investors to be more confident that they are not investing only on the promise of a clear blue sky.

2. Mandatory disclosure regulations seek to protect investors from insufficient and misleading information. If investors are free of cognitive errors and imperfect self-control, mandatory disclosure alone would achieve the goals of merit regulation.

3. Margin regulations specify the maximum amount of credit that can be advanced to finance the purchase of an individual stock (called initial margin) and allows for the imposition of a maintenance margin. Margin regulation is motivated by the need to protect investors and reduce volatility, while improving allocation of credit. Each of them represents a way to balance between efficiency and fairness.

4. Trading interruption regulations allow a trading halt during the normal course of trading. Two related practices are price limits (upper and lower price bounds outside of which trading cannot take place) and short-sale restrictions (such as the "uptick rule" forbidding short sales when prices are declining). Trading halts reflect a concern that prices may be driven away from their efficient values for a variety of reasons, including panic. Trading halts enhance fairness by ensuring equal access to information, but they also impair efficiency by preventing trading.

5. Insider trading regulations prevent trading by insiders. Insiders create new information when they trade. Informational efficiency suffers when insiders are prevented from trading on their information. However, prohibiting insider trading levels the playing field and fosters greater fairness in the market.

CONCLUSIONS

New York Times columnist Greider (2003) wrote, "With a few important exceptions, the agents of capital operate with dedicated blindness to capital's collateral consequences, an indifference to the future of society even as they search for the future's returns. The capital system does not authorize financial agents to think about such things and may well penalize them if they do. Yet finance capital shapes and polices the "social contract."

In discussing about the need to preserve use of derivatives (that many blame to be one of the primary causes of the financial crisis) Stulz (2009) argues about the need for effective oversight writing:

At the same time, some sensible regulations are in order. With the interconnectedness of markets today and the systemic problems facing the world's economies, there is a lot that can be done to limit systemic risks. One beneficial step would be for Congress to adopt some version of a systemic-risk regulator that would place every participant in the financial markets that poses a systemic risk, including derivatives traders, under federal regulatory oversight.

Mere regulation is not enough. Regulation is a necessary but not a sufficient step to mitigate future mega-crises. It is increasingly important that finance courses must effectively integrate ethics into the curriculum. However, this cannot be done simply by preaching responsibility. Students must internalize that ethical behavior is consistent with shareholder wealth maximization. This internalization is better aided by using philosophical arguments rooted in a society's internal culture and ethos. Given the centrality of religion in most Muslim majority countries, the use of Islamic normative texts to motivate the internalization of ethics may serve as a useful pedagogical tool in the finance curriculum.

This paper provides a pedagogical tool to integrate ethics into the finance curriculum by demonstrating to students that the pursuit of ethics is consistent with free market principles and incorporating ethical frameworks to decision-making is consistent with achieving the fundamental financial goal of maximizing shareholder wealth.

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