



International Management Institute

Bhubaneswar

Course Outline

Corporate Governance & Business Ethics (CGBE) ST 607

PGDM 2 Credits Session 60 minutes

Term IV June-Sept. 2018 : Batch 2017-19

Faculty: **Dr. Arun Kumar Rath**

Professor, Strategy and Corporate Governance

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Tel ; +91-674-3042134 (Chamber Consultation Hrs : 1400-1500 Hrs on class days)

Course Introduction:

Good governance, ethical practices and social responsibility are emerging as cornerstones of corporate strategy. Governments, financial institutions and public representatives are concerned about the failures of high profile corporations which cause distress to innumerable shareholders and employees. With the globalization of business, corporate governance, a term virtually unknown earlier, has now become a mainstream topic. Every country is adopting new standards to enhance ethics and accountability of business corporations.

Corporate governance deals with the accountability of management to the company and the shareholders, fiduciaries duties of directors, disclosure of strategic information, audit of transactions, ethical practices by the managers and above all, responsibility of the corporation to the society and environment. There is an increasing demand from the stakeholders for adoption of ethical and responsible corporate governance practices.

The objective of this course is to familiarize the students about the fundamental principles of corporate governance and business ethics

Course Objectives

Learning Outcome	Description
L01 Rational of the course	To understand rational of corporate governance & role of ethics
L02 Subject knowledge	To understand corporation corporate governance & business ethics
L03 Strategic paradigms	To analyze corporate failures and develop strategies & reforms initiatives for Directors & Managers
L04 Business Responsibility	To sensitize students on regulatory framework of Director responsibility & board independence
L05 Applications	Examine cases of corporations in crisis & corporate sustainability
L06 Communications	Critically examine cases of ethical dilemmas & communicate ethical action plans
L07 Future Perspectives	Appreciate the corporate governance challenges in Indian & global companies & understand global paradigms of corporate governance

Pedagogy:

The course will be taught using a combination of readings, lectures, guest lectures, case analysis , discussion and assignments.

Evaluation Criteria

S.No.	Component	Weightage
1	Group Assignment Report	10%
2	Group Assignment Presentation	10%
3	Class Participation	10%

4	Quiz 1&2	20%
5	Mid Term Examination	20%
6	End Term Examination	30%

Class Plan and Suggested Readings

Class	Topic	Learning objective	Reference
1&2	-Course Outline and Assessment Plan -Contribution of Corporations to Economy -Characteristics of A Corporation - Defining Corporate Governance	L01	Book: Towards Better Corporate Governance (TBCG)
3&4	-Board of Directors - Role of Chairman & Directors - Role of Independent Directors in the Boardroom	L02	Book TBCG &Reading Material
5&6	<u>Corporate Failures and Governance Reforms:</u> -Maxwell Communications Scam : Cadbury code G1-Fall of Enron : Causes Consequences & Reforms-The SOX Act G2-Corporate Governance Failure at Satyam : Causes, Consequences & Reforms	L03 L04	Book TBCG &Reading Material -Case- Fall of Enron by Paul Harley & Krishna Palepu -Case- "Governance Failure at Satyam " – by Gaur & Kohli- Richard Ivey School of Business
7&8	- Governance by Board & Board Sub Committees : Issues & Challenges	L03 L04	Book TBCG &Reading Material
9&10	<u>CG Theories</u> - Separation of ownership and control - Agency Theory - Stewardship Theory - Stakeholders Theory - Ethics in corporate governance	L02 L04	Book TBCG &Reading Material
11&12	G3-Governance Crisis in Tata Sons: Causes, Consequences & Lessons	L05	-Tata Sons Chairman Cyrus Mistry's Email To Board Directors Of Holding Co

	G4-Governance Crisis in Infosys : Causes Consequences & Lessons		And Tata Trustees 26 Oct 2016 -Statement from Tata Sons 10 Nov 2016 -Narayan Murthy's Address to Shareholders Aug 29, 2017 -How Independent are independent directors? Business Standard article March 2017
13&14	-Individual & Group ethics : G5-Should ethical values be given up in a crisis? (Case Study : Parable of the Sadhu) -Understanding Business Ethics :Ethics vrs Law G6-Why is ethics important for the managers?	L06	Reading Material -Parable of Sadhu Case Study 1.Ethics : A Basic Framework - Prof Lynn Sharp Paine -HBR 9-307-059 May 15,2007- 2.What is the matter with Business Ethics? Andrew Stark May-June 1993 HBR
15&16	G7-To analyse role of ethics at workplace-Issues & Challenges	L06	Reading Material -Why do ethical people make unethical choices ? - Corporate Ethics Can't Be Reduced to Compliance
17&18	-Ethical Corporation : Concept of Corporate Citizen G8-Why Should Corporation Be Ethical to Stakeholders ? (The Starbucks case) G9- To propose Action Plan for Ethical Conduct by Corporate Executives	L04 I06	Starbucks & Conservation International By James E Austin & Cate Reavis Reading Material -What can you do to improve ethics at your company? - Being an Ethical Business in a Corrupt Environment
19&20	- G10-Do Independent Directors Contribute to Corporate Boards? - Corporate Governance Challenges in India - Agenda for CG Reforms	L04 L07	Book TBCG &Reading Material - Article: Emerging Role of Independent Directors in the Boardroom -by Arun K Rath

Book:

1. Towards Better Corporate Governance: Independent Directors in the Boardroom by Dr. Arun K Rath, Excel Books

References:

1. Monk, Robert A.G., and Minow, Nell (2004), *Corporate Governance*, Blackwell Publishing
2. Tricker , Bob, *Corporate Governance* ,Oxford University Press
3. Crane Andrew & Matten Dirk (2011), *Business Ethics*, Oxford University Press
4. Daniel Albuquerque (2010) ,*Business Ethics* ,Oxford University Press,
5. Good Ethics is Also Good Business –Article by Dominique Mele (New York Times/Economic Times Jan 3,2012)
6. Institute of Company Secretaries of India (ICSI) (2010) , *Corporate Governance – Modules and Best Practices*
7. Lalita S Som, (Sept. 30, 2006), Corporate Governance Codes in India, Economic and political Weekly.
8. OECD, Corporate Governance Guidelines (2004)
9. SEBI Listing Obligations & Disclosure Requirements Regulations 2015