



INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
PROGRAMME NAME: Post Graduate Diploma in Management
Corporate Governance & Business Ethics (ST607)
CREDIT: 2 credits
SESSION DURATION: 60 Minutes

TERM: V
ACADEMIC YEAR: 2019-2020
BATCH: PGDM (2018-20)

Faculty: Dr. Arun Kumar Rath

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Chamber Consultation Hrs : 1100-1200 Hrs on class days

Course Introduction:

Good governance, ethical practices and social responsibility are emerging as cornerstones of corporate strategy. Governments, investors and regulatory institutions 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. Many countries are adopting new legal and ethical standards to enhance levels of accountability of top management and business executives .

Corporate governance deals with the accountability of management to the shareholders and other stakeholders , fiduciaries duties of directors, disclosure of adequate information, audit of financial 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 in the following manner :

- To provide the rationale of good corporate governance and ethics.
- To analyze the impact of corporate failures and reform initiatives.
- To present framework of corporate governance
- To understand elements of good corporate governance
- To analyze the implications of ethics and values
- To underscore the accountability of Directors, Executives and Managers
- To analyse ethical issues of corporate governance

Learning Outcomes

- To understand the rationale of corporate governance & business ethics LO1
- To understand corporation, corporate governance & business ethics LO2
- To analyze corporate failures and develop reforms initiatives LO3
- To sensitize students on framework of corporate governance LO4
- To examine cases of corporations in crisis & corporate sustainability LO5
- To examine cases of ethical dilemmas & draw ethical action plans LO6

Pedagogy:

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

Course Readings

Book:

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

Additional readings :

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

Course 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% |

@ The group of students will submit the group report before the date fixed for presentation

@@Individual members of the group will present in sequence for individual evaluation.

*Class Participation : Students will be evaluated on their conduct and meaningful participation in class discussions/tasks

**Quizzes : There will be two quizzes based upon understanding of the concepts dealt with in the class.

Evaluation Criteria & Learning Outcomes

| S.No. | Component | Learning Outcomes |
|-------|-----------|-------------------|
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|---|-------------------------------|------------------------|
| 1 | Group Assignment Report | LO3 LO4 |
| 2 | Group Assignment Presentation | LO5 LO6 |
| 3 | Class Participation | LO2 LO3 LO4 LO5 LO6 |
| 4 | Quiz 1&2 | LO2 LO3 LO4 LO5 |
| 5 | Mid Term Examination | LO2 LO3 LO4 |
| 6 | End Term Examination | LO4 LO5 LO6 |

Plagiarism

We are committed to upholding the highest standards of academic integrity and honesty. Plagiarism is the use of or presentation of ideas, works that are not one's own and which are not common knowledge, without granting credit to the originator. You may refer the already available content just for your reference and to get the basic ideas. Only 20% of such content is acceptable, above that comes under the definition of Plagiarism which is unacceptable in IMI and will be treated seriously. All such cases will be referred to the appropriate body of the Institute for suitable disciplinary action.

Session Plan and Suggested Readings

| Session | Topic | Learning objectives | Reference |
|---------|--|---------------------|--|
| 1&2 | -Course Outline and Assessment Plan -Contribution of Corporations to Economy -Characteristics of A Corporation -Defining Corporate Governance - Shareholders & Stakeholders | L01 L02 | Book: Towards Better Corporate Governance (TBCG) - Arun K Rath |
| 3&4 | <u>Board of Directors</u> - Composition & Functions of Board of Directors - Role of Chairman & Directors - Independent Directors in the Boardroom -Realizing Corporate Vision & Mission -Boardroom Dynamics -Separation of posts of Chairman & CEO | L01 L02 | Book TBCG &Reading Material |
| 5&6 | <u>Corporate Scandals & Governance Reforms</u> | | Book TBCG &Reading Material |

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| | <p>G1-Fall of Enron : To analyse Causes, Consequences & Reforms of the Enron scandal</p> <p>G2-Corporate Governance Failure at Satyam : To analyse Causes, Consequences & Reforms</p> <p><i>-Discussion on Corporate Governance Reforms</i></p> | L03 L05 | <p>G1-Case- Fall of Enron by Paul Harley & Krishna Palepu</p> <p>G2-Case- Governance Failure at Satyam – by Gaur & Kohli- Richard Ivey School of Business</p> |
| 7&8 | <p>G3- The Volkswagen Emission Test Scandal - Causes, Consequences & Lessons</p> <p><i>-Discussion on corporate ethics & values</i></p> | L03 L05 | G3- The Volkswagen Emissions Scandal by Luann J. Lynch Cameron Cutro & Elizabeth Bird |
| 9&10 | <p><u>Ethics & Values in Corporate Governance</u></p> <p>G4-Lessons in Corporate Work Culture : Case of DMRC</p> <p><u>Understanding Business Ethics</u></p> <p>G5-Challenges of Ethical Dilemma</p> <p><i>-Discussion on Individual vrs Group Ethics</i></p> | L02 L04 | <p>G4-Case-“Delhi Metro Rail Corporation” – by V G Narayanan & Saloni Chaturvedi</p> <p>G5-Reading Material -The Parable of the Sadhu</p> <p>Case Study Bowen H.McCoy</p> |
| 11&12 | <p><u>Towards Better Corporate Governance</u></p> <p>Managing “ Other Peoples’ Money ”</p> <p>-Separation of Ownership and Control</p> <p>-Agency & Stewardship Theories</p> <p><u>Global Standards of Corporate Governance</u></p> <p>-Cadbury code</p> <p>-OECD Code</p> <p>-US Reforms Framework : SOX Act</p> | L02 L04 | Book TBCG & Reading material |
| 13&14 | <p><u>Framework of Corporate Governance in India</u></p> <p>-SEBI Listing Obligations & Disclosure Requirements (LODR) 2015</p> <p>-Ethics in corporate governance: Ethics vrs Law</p> | L02 L04 | SEBI LODR 2015 |
| 15&16 | G6-To analyse role of ethics at workplace-Issues & Challenges | L02 L06 | <p>G6-Reading Material</p> <p>-Why do ethical people make unethical</p> |

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| | G7- To propose Action Plan for Ethical Conduct by Corporate Executives | | choices ? - Corporate Ethics Can't Be Reduced to Compliance G7-Reading Material -What can you do to improve ethics at your company? - Being an Ethical Business in a Corrupt Environment |
| 17&18 | <u>Corporate Governance Challenges in India</u> G8-Governance Crisis in Tata Sons: Causes Consequences & Lessons G9-Governance Crisis in Infosys : Causes Consequences & Lessons <i>-Discussion on Corporate Governance Reforms</i> | L05 L06 | G8-Tata Sons Chairman Cyrus Mistry's Email To Board Directors Of Holding Co And Tata Trustees 26 Oct 2016 G9-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 |
| 19&20 | <u>Corporate Governance :Future Perspectives</u> G 10- Analyse Challenges & Opportunities of Building Ethical & Sustainable Corporations <i>-Global CG Challenges</i> <i>-Corporate Governance Challenges in India</i> <i>-Agenda for Corporate Governance Reforms</i> | L07 | G10-Nestle : Sustainable Agriculture Initiative (HBR Case study by Forest Reinhardt) |