# SBM2701 Corporate Governance

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<tr>
<th>UOS CODE</th>
<th>UOS NAME</th>
<th>CREDIT POINTS</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>SBM2701</td>
<td>Corporate Governance</td>
<td>6</td>
<td>Elective</td>
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## SUMMARY

The importance of corporate governance has become clearer than ever before with huge corporate collapses, like Enron, WorldCom and Lehman Brothers. Frauds and abuse of practices and laws that were intended to serve for good purposes have led to wealth destruction of billions of dollars, loss of hundreds of thousands of jobs, criminal investigation of executive managers and directors with ripple effects around the world. There are implications from recent Sarbanes-Oxley Act to improve corporate governance, which is well recognized to be an influential element of risk. The ultimate aim is to create long-term and sustainable value to the stakeholders, including shareholders, employees and the society at large.

This unit of study will focus on governing an organization: the theories, principles and practices. It is designed to meet the increasing demand about how to govern a corporation from a board level and interactions with the stakeholders, especially from shareholders, managers and directors’ perspectives. The topics include the following:

- Corporation as an entity: a social, complex and adaptive structure with a purpose
- Legal obligations and duties, integrity and ethical behaviour in corporations and governments,
- Balancing interests in a corporation
- The rights and responsibilities of corporate owners: shareholders, investors (funds, foundations, individuals, etc.)
- Stakeholders: employees, society and environmental sustainability.
- Board formation, directors and their duties, obligations and relations with management
- Monitoring management performance and evaluating corporate direction
- Governing international corporate and not not-for-profit organisation

## COURSE CONVENOR

TBA

## COURSE TUTOR

Not applicable

## ASSUMED KNOWLEDGE

Not applicable

## APPROXIMATE WORKLOAD

<table>
<thead>
<tr>
<th>Lectures &amp; Workshops</th>
<th>Team Work</th>
<th>Personal Work</th>
<th>Readings</th>
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<tbody>
<tr>
<td>30 hours</td>
<td>&gt;30 hours</td>
<td>&gt;50 hours</td>
<td>&gt;30 hours</td>
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## PRE-REQUISITE (course name)

None

## OBJECTIVES

Students should gain expertise in the following areas:

- Corporation as an entity: evolution of corporations
- Purpose of a corporation
- Corporate ownership: individual shareholders, families, funds (public, private and hedge)
- Separation of ownership and control
### Constitution of board: internal, external, independent, executive and non-executive directors
### Board duties and accountabilities
### Board meetings: frequency, agenda, decision making, implementation
### Relationship between board and management
### Monitoring and managing performance of executives
### Agency and stewardship theory
### Auditing compliance with rules, regulations and policies
### Compensation of the board and executives
### Corporate governance around the world

#### TARGET COMPETENCIES (Enterprise Systems and Business Process Integration)
Upon completion of the course, the student should demonstrate:
- Understanding of corporate as entity: social, complex and adaptive structure with a purpose
- Determining criteria for measuring performance
- Monitoring performance, evaluating corporate direction and controlling management
- Ability to use audits an organisation for compliance and risk management
- Ability consider influences and to balance interests in a corporation
- Ethical and legal decision making, and integrity of actions
- Ability to look from perspectives of different stakeholders in a corporate: employees, owners, managers, sustainability and society.
- Developing criteria for director and executive compensations
- Developing criteria to assign directors in a board
- Ability to interpret and comply with regulating laws of corporate governance

#### TARGET COMPETENCIES (Personal and Socio-cultural)
- Generic: All competencies that are common to all professionals (including cognitive and communication abilities, problem solving and analytical mindset)
- Leadership: Ability to direct, motivate & manage individuals & teams.
- Commitment: Ability to dedicate to tasks & to project outcomes.
- Attitude: Ability to create the right frame of mind that promotes integrity & support for achievement of project goals within a social context.
- Self Direction: Ability to manage within and without guidelines & processes, and to work without supervision.
- Learning: Ability to commit to continuous improvement in knowledge, skills & attitude, & to creating new knowledge developing skills & approaches.
- Cultural Empathy: Ability to respect for & accommodation of individual lifestyle, beliefs & norms.
- Creativity & Innovation: Capacity to generate new ideas/approaches & make them happen.

#### MODES OF DELIVERY
- Uptown intensive workshop (4 days)
- Project and team based flexible work facilitated via the Internet (over 10 weeks)
- Face-to-face formal assessment (one week)

#### ASSESSMENT
1. Formal knowledge test
2. Team project submissions (formatted as per specification for the same)
3. Formal assessment against competencies applicable to organisation unit strategy and design
4. Formal personal & socio-cultural competency assessment

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<tr>
<th>PRINTED MATERIALS</th>
<th>PRESCRIBED FOR THE COURSE</th>
<th>SELECTED REFERENCES</th>
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<tbody>
<tr>
<td>Case project (students' own case project)</td>
<td></td>
<td>Mallin C (2007), Corporate Governance 2nd</td>
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### Intensive Phase

#### Day 1
- Introduction to course aims, objectives, target competencies, learning strategies, resources available, timetable and deliverables, assessment methods and related briefings
- Briefing on how to conduct each phase and the entire unit of study
- Lecture: Capitalism, evolution of corporation as an independent entity
- Lecture: Defining corporation
- Lecture: Corporation ownership and management – separation of powers
- Tutorial: Examining some public and private organisations’ historical change to form larger corporations; how they evolved in governance

#### Day 2
- Lecture: Introduction to corporate governance
- Lecture: Board and management relations: how to provide direction to an organisation
- Lecture: Board duties, responsibilities and accountabilities
- Lecture: Monitoring and controlling executives
- Tutorial: Examining an article how boards may be ineffective, if they undermine their roles and influence in a corporate: Enron and WorldCom cases

#### Day 3
- Lecture: Formation of board: number and qualities of directors, and their types and influences
- Lecture: What goes behind closed doors?: Board meetings, their frequency, agenda, influence of CEO as a board member, agenda, and what a board can do strategically
- Lecture: Compensation of board members and executives; theories to explain how they may lead to fraud and bad business management practices
- Tutorial: Examining the relation between compensation and performance of a corporate: is there a link?

#### Day 4
- Lecture: Re-invented role of corporate governance: fraud protection and risk management; impacts of Sarbene-Oxley Act: transparent corporate governance
- Lecture: Assessing managerial and organisational risks: importance of auditing
- Lecture: Future of corporate governance: can a corporate be governed better for
the good of owners, employees, environment and society?

- Reinforcing learning outcomes and application of the same to forthcoming team project
- Conduct of written test on organisation unit strategy and design
- Students’ feedback on the intensive phase

**Teamwork phase**

For the purposes of developing expertise in organisation unit strategy and design in an integrated and meaningful manner, students in teams of 4 to 5 will assume responsibility for examining the governance in a case organisation unit. The case organisation is individual to each team and will be sourced normally from one of the students’ employer organisations.

In summary the project phase will comprise:

- An overall process for studying organisation enterprise systems and for applying the relevant knowledge to a real life case organisation as per the relevant Brief that is downloaded from the unit’s web site;
- A program of the learning activities which are part of student’s Team Workplan and individual competency acquisition needs which each student needs to plan to conduct flexibly within the unit of study timeline as advised in the unit’s web site (detailed schedules are to be developed and submitted as part of the Team Work/QA Plan)
- The assignment Brief which is available as a downloadable file. Your team may develop your own Brief/project concept, and upon the Course Convenors’ endorsement use the same as the basis for learning and development. Your brief should be developed to be similar to that found on the unit’s web site.

The Learning activities are designed for each team to develop and evaluate a complete organisation unit strategy and design for their case organisation via the following activities:

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<tr>
<th>Assessment of learning styles and team roles and balancing of team development of self management and socio-cultural/teamwork competencies</th>
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<tr>
<td><strong>Activity 1</strong> Case organisation selection and team QA/workplan</td>
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<td><strong>Activity 2</strong> Examining the governance of a Case Organisation</td>
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<td><strong>Activity 3</strong> Case Organisation Governance and Improvements</td>
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<tr>
<td><strong>Activity 4</strong> Evaluation, Formatting and Presentation of the Plan</td>
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Continuous reflection, self and peer assessment and competency acquisition
Final Individual Report and Viva to validate competencies vis-à-vis target competencies

**COMPETENCY VALIDATION (via evidence and professional interview)**

**Final Report & assessment**

Each student is advised to progressively acquire, develop and document the relevant target competencies. The protocols on the web site for this purpose need to be followed carefully to prepare the required evidence of competency acquisition. The evidence for this unit to comprise a Final Report in two parts to validate individually the following: specific target competencies regarding corporate governance as well as personal and socio-cultural competencies. These will be assessed separately and both need to show the student’s development history using the student’s L&D plan as the basis.