



# CORPORATE GOVERNANCE

<b>Course code</b>	<i>MNG 158</i>
<b>Course title</b>	<i>Corporate Governance</i>
<b>Type of course</b>	Elective
<b>Study level</b>	1 <sup>st</sup>
<b>Department</b>	<i>Bachelor Studies</i>
<b>Year of study</b>	3 <sup>rd</sup>
<b>Semester</b>	<i>Spring</i>
<b>Credits</b>	<i>6 ECTS – 24 hours lectures, 24 hours practice, 112 hours of self study, 2 hours of consultations.</i>
<b>Lecturers</b>	<i>Sergejus Muravjovas</i>
<b>Study form</b>	<i>Full-time</i>
<b>Courses to have prior this course</b>	-
<b>Course language</b>	<i>English</i>

## ANNOTATION

Corporate governance affects both individual company performance, as well as situation in markets at large. It includes processes, policies, laws (norms) and institutions that, among other issues, also affect the way a corporation manages risks of corruption. Integrity, ethics and accountability have to be translated into actions that can be accounted for and measured. Walmart, Statoil, Siemens and Enron are but a few examples of companies not walking the talk. This course will deal with legal requirements, institutional practices and real-life challenges of anti-corruption actions within a company as part of its corporate governance.

## AIMS OF THE COURSE

The course aims to introduce students to corporate governance arrangements with a specific focus on managing risks of corruption, countering fraud and promoting corporate ethics. As requirements for good governance, transparency and accountability are increasing, managing corruption risks becomes essential for any company in any country. In this course students will learn how to identify major corruption forms and risks, and how to make accountability and anti-corruption a comprehensive part of a company's good governance and risk-management policies.

This course will be centered on practical dilemmas, real-life examples (including guest speakers / on-site visits), discussion and active input from students.

Subject learning outcomes (SLO)	Study methods	Assessment methods
SLO1. Introduce students to the core concepts of corporate governance and anticorruption practices in private sector	Lectures, seminars	Midterm test, coursework/ presentation
SLO2. Discuss and analyze issues within the area of anticorruption policies as part of corporate governance	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO3. Assess and analyse various case studies	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO4. Develop a general orientation in and understanding of importance of anticorruption mechanisms in private sector	Lectures, seminars, solving exercises, self-study	coursework/ presentation
SLO5. Understand practical applications of anticorruption elements as part of corporate governance in an international context	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO6. Apply critical thinking and problem solving skills	Lectures, seminars, solving exercises, self-study	Midterm test, final exam, Coursework/ presentation
SLO7. Demonstrate knowledge and ability to evaluate and assess main corruption risks in real-life scenarios	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/ presentation, final exam

## LEARNING METHODS

The course is entirely taught in English and designed to achieve its aims through a combination of lectures and interactive seminars. Seminars and lectures are designed to encourage active participation, co-operative and creative work, interactive communication and critical thinking. The lecturers will use various materials to provoke thinking and discussion. Lectures and seminars are held for all students together, yet individual and group tasks will be assigned for evaluation. .

DATE	TOPIC	IN-CLASS HOURS		READINGS
		Lecture	Seminar	
Week 1	<b>Lecture # 1: Introduction to Corporate Governance and Anti-corruption</b> <i>Module aims, structure, requirements, assessment criteria, reading list</i>  <i>Seminar: Corporate governance – why how what?</i>	2	2	-
Week 2	<b>Lecture # 2: What is Corporate Governance and why does it matter?</b> <i>Definitions and main developments. Different rationale and implications for companies of different sizes</i>  <i>Seminar: Corporate Scandals, group presentations</i>	2	2	Tricker, Chapter: 1 & 2 Documentary (“Inside Job” or “Enron” or “The Shock Doctrine”)
Week 3	<b>Lecture # 3: What is Corruption in private sector and why talk about it?</b> <i>Forms and risks of corruption in private sector</i>  <i>Seminar: Corporate Scandals: group presentations</i>	2	2	Global Corruption report 2009, p. 3-39
Week 4	<b>Lecture # 4: Why Transparency matters?</b> <i>Corporate governance and responsibility: focus on transparency, accountability and anticorruption. Responsibility for shareholders or responsibility for the society? Profitability of transparency. Corporate risk philosophy and its role in strategic planning.</i>  <i>Seminar: Corporate Scandals: group presentations</i>	2	2	Tricker, Chapter: 8 & 9 <b>Optional:</b> Klaus Schwab, <i>Profitability of trust</i> . Anita Raghavan, <i>In Scandal's Wake, McKinsey seeks Culture Shift</i>
Week 5	<b>Lecture # 5: Rules and Systems</b> <i>Regulatory frameworks (national, regional, international) and Institutions.</i>  <i>Seminar: Debriefing the first five lectures, oral quiz.</i>  <i>Presentation of the next assignment on developing a risk assessment presentation for the board (corruption risks analysis and evaluation for assigned market/company)</i>  <i>The modern investigations of white collar crimes: screening a documentary of an investigative journalist</i>	2	2	Tricker, Chapter: 5; T1 “Making Anti-Corruption Regulation Effective for the Private Sector”, Policy Position. <b>Optional:</b> Preventing Corporate Corruption, P. 17-22;
Week 6	<b>Lecture # 6: Rules and Systems II</b> <i>Criminal and Judicial enforcement. Integrating hard law and soft law. Internal and external measures.</i>  <i>Seminar: Guest Speaker (corporate governance in practice)</i>	2	2	Global Corruption Report, 2009, p. 116 – 149 <b>Optional:</b> Preventing Corporate Corruption, Chapter 5, P. 263-275
Week 7	<b>Mid-term</b> <i>Mid term exam</i>  <i>Seminar: presentation of pending assignments and other relevant issues</i>	2	2	
Week 8	<b>Lecture # 7: Corporate Governance in practice</b> <i>Guest lecture: internal and external audits</i>  <i>Seminar: presentation of assignments</i>	2	2	Tricker, p. 375 - 383
Week 9	<b>Lecture # 8: Rules and Systems III</b> <i>Corporate codes and internal systems. Areas of regulation, red flags system. Success factors in the process of developing an effective internal control system.</i>  <i>Seminar: Guest Speaker</i>	2	2	Tricker, Chapter 5 Global Corruption Report, 2009, p. 13 – 19, 32 – 41; Global Corruption Report, 2009, p. 81 – 88, 99 - 105



DATE	TOPIC	IN-CLASS HOURS		READINGS
Week 10	<p><b>Lecture #9: Rules and Systems IV</b>  <i>Managing information about the risks: effective risk management systems. Internal reporting and whistleblower protection. Managing business reputation. Leadership in the age of transparency.</i></p> <p><i>Seminar: assignment presentations</i></p>	2	2	E & Y, 11 <sup>th</sup> and 12 <sup>th</sup> Global Fraud Surveys Heath, C. & D. (excerpts)
Week 11	<p><b>Lecture #10: Corporate Governance in practice II</b></p> <p><i>A field trip or a guest lecture</i></p> <p><i>Seminar: assignment presentations; Practical review of the presentations and feedback</i></p>	2	2	-
Week 12	<p><b>Lecture #11: Corporate Governance in practice III</b>  <i>Media as a business and media as a watchdog</i></p> <p><i>Seminar: Debriefing the post mid-term test lectures, oral quiz</i></p>	2	2	Global Corruption Report, 2009, p. 154 – 156; Dyck & Zingales (article).
	<b>Final exam</b>			
	<b>Total hours:</b>	<b>24</b>	<b>24</b>	

### COURSE REQUIREMENTS

1. The **final exam** will account for **40%** of the final grade: It will consist of open questions / and multiple-choice questions. The final exam will cover the topics covered after mid-term exam.
2. The **mid-term test (30%)** will cover the content of Lecture 1-6 and it will consist of multiple-choice and/ or open questions. The day of the mid-term assessment will be announced in advance.
3. **Seminar grade (30%)**. The seminar grade will consist of 2 group presentations and a seminar participation grade. Students will be asked to present in groups of ~3 a selected/appointed case and then later develop an anticorruption risk analysis of a selected/assigned “company”. The presentations will take place during the seminars. Students will be assessed according to various criteria that will be presented at the first lecture. Physical attendance in the classroom will not be counted in the seminar participation grade.

TYPE	TOPICS	TOTAL HOURS	EVALUATION, %
Seminar grade	2 - 13	34	30
Mid-term test	1 - 6	34	30
Final exam	8 - 13	44	40
Consultations	1 - 13	2	
<b>Total:</b>		<b>112+2</b>	<b>100</b>

### REMARKS – IN ADDITION TO THE ISM REGULATIONS OF UNDERGRADUATE STUDIES

1. Students will be informed in advance, which cases have to be read (prepared) for the following case-study discussions. Students will have minimum 5 days to prepare. Reading the case studies for the class discussion is obligatory. The lecturer will ensure that the students have access to all case studies. Attendance and participation in the seminars is obligatory. Failing to appear at two classes or seminars without a valid excuse (illness, family emergency, etc.) will mean a reduction of the seminar grade by up to 1/3 (composition of the seminar grade (30% of a total grade): 10% - 1st group presentation, 10% - 2nd group presentation, 10% - active participation in seminars (participation quality and your contribution to moving the discussion forward: oral quizzes during the seminars proactive participation and demonstrated preparation for the topics assigned)).
2. If final (cumulative) mark of the course, including final exam score, is insufficient, students will be allowed to exercise their **right of retake**. The retake exam will cover all lectures and case-discussion topics discussed in class during the



course. It will be held during the last week of the exam session and **will replace the 70% of exams (mid-term and final)**. Acquired scores from all assignments will be summed up and the final (cumulative) grade will be given.

3. Specific rules apply in the case of in-class presentations.

**3.1. Students are able to sign in for the presentation topics until the second lecture.** Students failing to register for the presentation - before the given deadline - will be grouped by the lecturer. In case of disregard, students will be graded with a 0 (zero).

3.2. In case of serious reasons, students may be allowed to switch with a member of another group. Students are responsible for making the changes themselves and inform the lecturer.

3.3. Individual group members not showing up for the presentation session will get a 0 (zero) for the individual assessment criteria.

3.4. In exceptional cases, the lecturer will consider alternative forms of assessment for the group presentation grade.

4. Upon request and individual assessment students failing the seminar grade, may be allowed to take part in a "seminar retake" project. The seminar retake will consist of various tasks set by the lecturers, and will replace the seminar grade (30%).

## LITERATURE

### Obligatory readings:

Tricker, Bob. Corporate Governance: Principles, Policies and Practices. 2<sup>nd</sup> Edition. Oxford University Press, 2012. Available at ISM library.

Transparency International. Global Corruption Report 2009: Corruption and the Private Sector. Cambridge University Press, 2009. Available at: [http://www.transparency.org/whatwedo/pub/global\\_corruption\\_report\\_2009](http://www.transparency.org/whatwedo/pub/global_corruption_report_2009)

EY 14th Fraud Survey: <http://www.ey.com/gl/en/services/assurance/fraud-investigation---dispute-services/ey-global-fraud-survey-2016>

### Optional readings:

Dyck, A. and Zingales, L. The Corporate Governance Role of the Media. 2002. Available on the internet.

International Chamber of Commerce, Transparency International, United Nations Global Compact, World Economic Forum. RESIST – Resisting Extortion and Solicitation in International Transactions: a Company Tool for Employee Training. 2011. Available at: [http://archive.transparency.org/global\\_priorities/private\\_sector](http://archive.transparency.org/global_priorities/private_sector)

Marjorie W. Doyle. Third Party Essentials: A Reputation/Liability Checkup When Using Third Parties Globally. 2012. Available at: <http://www.corporatecompliance.org/Resources/View/ArticleId/813/Third-Party-Essentials-A-Reputation-Liability-Checkup-When-Using-Third-Parties-Globally.aspx>

Stefano Manacorda, Francesco Centonze, Gabrio Forti. Preventing Corporate Corruption. The Anti-Bribery Compliance Model. 2014

Transparency International. Transparency in corporate reporting: Assessing the World's Largest Companies. 2012. Available at:

[http://www.transparency.org/whatwedo/pub/transparency\\_in\\_corporate\\_reporting\\_assessing\\_the\\_worlds\\_largest\\_companies](http://www.transparency.org/whatwedo/pub/transparency_in_corporate_reporting_assessing_the_worlds_largest_companies)

Transparency International Policy Position "Making Anti-Corruption Regulation Effective for the Private Sector", 2009. Available at:

[http://www.transparency.org/whatwedo/pub/policy\\_position\\_09\\_2009\\_making\\_anti\\_corruption\\_regulation\\_effective\\_for\\_the](http://www.transparency.org/whatwedo/pub/policy_position_09_2009_making_anti_corruption_regulation_effective_for_the)

**NB.** Due to the dynamic nature of the content of the course additional material shall be assigned during the course. Slide handouts and readings will be prepared for each class and available for download.

The slides are the intellectual property of teaching instructor and students may not distribute or duplicate these notes without written consent.