

unit guide

Corporate Governance and Ethics

MAC-2-CGE

Faculty of Business, Computing
and Information Management
2008/2009

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1.0 UNIT DETAILS

Unit Title:	Corporate Governance and Ethics
Unit Level:	2
Unit Reference Number:	MAC-2-CGE
Credit Value:	15 CAT Points
Student Study Hours:	150
Contact Hours:	45
Private Study Hours:	105
Pre-requisite Learning (If applicable):	Course level one
Course(s):	BA (Hons) Business Studies BA (Hons) Business Administration
Year and Semester	2008-9 Semester 1
Unit Coordinators:	Dr Denise Batchelor Michael Knight
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Subject Area:	Accounting and Finance
Summary of Assessment Method:	Individual project 50% and group project 50%, including presentation

2.0 SHORT DESCRIPTION

The syllabus assumes essential technical skills and knowledge acquired at earlier levels where the core technical capabilities will have been acquired, and where ethics and corporate governance, will have been introduced in a subject-specific context. The Corporate Governance and Ethics syllabus begins by examining the whole area of governance within organisations in the broad context of the agency relationship. This aspect of the syllabus focuses on the respective roles and responsibilities of directors and officers to organisational stakeholders and of accounting and auditing as support and control functions.

The syllabus also examines the whole area of identifying, assessing, and controlling risk as a key aspect of responsible management.

Finally, the syllabus covers personal and professional ethics, ethical frameworks – and professional values – as applied in the context of the accountant's duties and as a guide to appropriate professional behaviour and conduct in a variety of situations.

3.0 AIMS OF THE UNIT

The aim of this unit is to ensure that students are able to apply relevant knowledge and skills and to exercise professional judgement in carrying out the role of the accountant relating to governance and the management of risk within an organisation, in the context of an overall ethical framework.

Also to cultivate personal skills and attributes essential for discharging responsibility at a professional level.

4.0 LEARNING OUTCOMES

4.1 KNOWLEDGE AND UNDERSTANDING

On completion of this unit students should be able to:

A Define governance and explain its function in the effective management and control of organisations and of the resources for which they are accountable

B Explain the role of the accountant in identifying, assessing, controlling and mitigating risk

C Demonstrate the application of professional values and judgement through an ethical framework that is in the best interests of society and the profession, in compliance with relevant professional codes, laws and regulations.

4.2 INTELLECTUAL SKILLS

The student should cultivate the ability to:

- challenge the ethics of reaching professional judgements in accounting
- demonstrate competence and skills at levels appropriate to this stage of their studies,

4.3 PRACTICAL SKILLS

Students are expected, *inter alia*, to acquire the following key and cognitive skills:

- Communication skills
- Learning how to learn effectively
- Understanding methodology
- Ability in critical analysis

4.4 TRANSFERABLE SKILLS

- Communication skills
- Learning how to learn effectively
- Ability in critical analysis

5.0 ASSESSMENT OF THE UNIT

Corporate governance and ethical issues are rarely clear. Decisions on governance issues are made in a turbulent, unstructured environment. A plethora of issues may come to bear on any particular decision. The objective of this unit is to provide students with the tools to make more effective, well-informed decisions in such an environment. The tools provided by the unit will be an appreciation of the principles of good governance.

The appropriate setting in which to assess an appreciation of such principles is not in a highly structured exam but in a less structured environment. Therefore the unit will be assessed using two projects.

Project 1

Governance decisions are not made in isolation. Such decisions are typically made in a group context. This provides rewards (e.g. more experience to draw on) but associated difficulties (e.g. group conflict, risky shift tendencies of groups). Therefore it is felt that an assessment in such a context would be appropriate. The project would be centred on a case study. The requirement will be to suggest a suitable course of action to resolve the issues facing the organisation.

Project 2

This project will be an individual assignment. It will be an extended essay on a topic of relevance to ethics. The topic chosen by the student will have to be agreed with the unit leader beforehand.

It is expected that the group projects will be presented to the class in seminar groupings. Given the importance of presentation skills such presentations will be video recorded and assessed.

Each assignment will be in the order of 1,500 words and there will be equal weighting between the two. 25% of the group project assessment will be for the presentation.

Students will be required to submit an electronic copy as well as a hard copy of assignments in order to both deter and detect academic misconduct.

6.0 FEEDBACK

Feedback will normally be given to students 15 working days after the submission of an assignment.

7.0 INTRODUCTION TO STUDYING THE UNIT

7.1 OVERVIEW OF THE MAIN CONTENT

A Governance and responsibility

1. The scope of governance
2. Agency relationships and theories
3. The board of directors
4. Board committees
5. Directors' remuneration
6. Corporate governance and corporate performance
7. Corporate governance and corporate social responsibility
8. Governance: reporting and disclosure

B Identifying, assessing and controlling risk

1. Risk and the risk management process
2. Categories of risk
3. Identification, assessment and measurement of Risk
4. Targeting and monitoring risk
5. Methods of controlling and reducing risk
- 6 . Risk avoidance, retention and modelling

C Ethics

1. Ethical theories
2. Different approaches to ethics and social Responsibility
3. Ethical issues in international business, including corruption and bribery
- 4.. Professions and the public interest Professional practice and codes of ethics
5. Conflicts of interest and the consequences of unethical behaviour
6. Whistleblowing
7. Social and environmental issues in the conduct of business and of ethical behaviour

7.2 OVERVIEW OF TYPES OF CLASSES

The unit emphasises the development of essential ethical behaviour required by the professional accountant.

The unit uses a combination of lectures and seminars, together with students' personal studies.

Lectures provide the basic framework for the area of study. They are used to describe the underlying concepts of a subject and explain current practices. The aim of the lecture is to introduce a topic and arouse the students' interest in it. For each lecture students are advised to pre-read the content of the topic by reference to the scheme of work given below. Lecture slides will be on the unit Blackboard site or handouts will be available. Students are expected to cover some topics by the self-study programme and these are examinable.

Seminars are used for discussion between the tutor and students and as a forum for students to air opinions, clear doubts and crystallise thought. Seminars may involve students working individually and/or in groups, thus enabling them to use this opportunity to develop skills in both group work and communication. Seminars will be conducted on the basis that students have adequately prepared for them having attended the lecture, read and considered materials.

7.3 IMPORTANCE OF STUDENT SELF-MANAGED LEARNING TIME

Students are expected to advance their knowledge by directed reading and completion of practical exercises. Students are expected to demonstrate that they have the ability to critically use and evaluate relevant facts and be able to communicate this in a logical structured manner.

In addition to the above, seminar/self-study questions and case studies will be set. It is essential that these be completed by the appropriate dates so that they can be discussed in either a subsequent lecture or seminar with the tutor.

Accordingly, it is essential that they plan, in advance, a self-study programme around their personal commitments. Students will be expected to display this high level of personal commitment and self-discipline that is required to adhere to this plan.

7.4 EMPLOYABILITY

On completion of this unit students should have sufficient knowledge of the concepts and ethical behaviour required for an accountant to be able to apply them in the employment market which is placing an increasing premium on an understanding of the importance of governance, risk and ethics.

8.0 THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

The teaching and learning for the unit will follow the sequence below. The unit is meant to involve the students and it may not prove possible to adhere to a rigid weekly timetable.

Week One
Introduction

Week Two
Theoretical aspects of corporate governance

Week Three
Development of corporate governance codes & disclosures
Case study – Reckitt Benckiser <http://www.reckitt.com/home.cfm>
US Corporate Governance
Sarbanes Oxley

Week Four
Directors / board structures
Directors remuneration / performance
Corporate governance and corporate performance

Week Five
Audit and risk management

Week Six
Group presentations

Week 7: Introduction: Perspectives on Business Ethics and Values

Class contact time

Class activities: introductory lecture on perspectives on business ethics and values

small group activity: Delphi exercise on reasons to be an ethical organisation

Self-managed learning

- Reading: *Fisher and Lovell*, chapter one
- Quick revision test on page 35
- *Fisher and Lovell* companion website: materials relating to perspectives on business ethics and values

Week 8: Ethical Issues in Business

Class contact time

Class activities: lecture on business ethics and values
discussion of case studies

Self-managed learning

- Reading: *Fisher and Lovell*, chapter two
- Quick revision test on page 97
- *Fisher and Lovell* companion website: materials relating to ethical issues in business

Week 9: Individual Responses to Ethical Situations

Class contact time

Class activities: lecture on individual responses to ethical situations
discussion of case studies

Self-managed learning

- Reading: *Fisher and Lovell*, chapter six
- Quick revision test on page 256
- *Fisher and Lovell* companion website: materials relating to individual responses to ethical situations

Week 10: Organisational Responses to Ethical Issues: Sustainability and the Responsible Corporation

Class contact time

Class activities: lecture on organisational responses to ethical issues, with a particular focus on

sustainability and the responsible corporation
discussion of case studies

Self-managed learning

- Reading: *Fisher and Lovell*, chapter 9
- Quick revision test on page 374
- *Fisher and Lovell* companion website: materials relating to sustainability and the responsible corporation

Week 11: Ethical Conformance: Codes, Standards, Culture, Leadership and Citizen Power

Class contact time

Class activities: lecture on ethical conformance – codes, standards, culture, leadership and citizen

power
discussion of case studies

Self-managed learning

- Reading: *Fisher and Lovell*, chapter 10
- Quick revision test on page 413
- *Fisher and Lovell* companion website: materials relating to ethical conformance – codes, standards, culture, leadership and citizen power

Week 12: The International Context: Global and Local Values – and International Business***Class contact time***

Class activities: lecture on global and local values and international business
discussion of case studies

Self-managed learning

Reading: *Fisher and Lovell*, chapter 11

Quick revision test on page 456

Fisher and Lovell companion website: materials relating to global and local values and international business

9.0 LEARNING RESOURCES

9.1 CORE MATERIALS

Core materials for Corporate Governance

Mallin, C. (2007). Corporate governance, (Second edition), Oxford: Oxford University Press.

Solomon, J (2007). Corporate governance and accountability. Second edition. Chichester: John Wiley and Sons.

Core materials for Business Ethics (weeks 7 – 12)

Business Ethics and Values (second edition 2006), by Colin Fisher and Alan Lovell, published by Pearson Education Limited

Companion website for students: www.pearsoned.co.uk/fisherlovell

On this website you will find student learning material including:

- Links to relevant sites on the web
- New case material and discussion and commentary on case studies in the book
- Commentaries on suggested assignment briefs in the book
- Answers to quick revision tests
- Updates including group work exercises and postings concerning contemporary issues and how the ethical arguments and theories discussed in the book relate to current 'hot topics'.

9.2 OPTIONAL MATERIALS

Corporate governance:

Monks, A. G. and Minow, N. (2008). Corporate governance. Fourth edition. Chichester, John Wiley and Sons.

Apart from textbooks students will be expected to consult the various academic and professional journals as well as quality broadsheets, in particular the *Financial Times*.

Ethics:

Business Ethics (second edition) by Andrew Crane and Dirk Matten. Oxford University Press.

Business Ethics (sixth edition) by Richard T. De George. Pearson Education