

<b>Course title:</b> Corporate governance			
<b>Course code:</b> PPM 177	<b>No. of credits:</b> 2	<b>L-T-P:</b> 28-0-0	<b>Learning hours:</b> 28
<b>Pre-requisite course code and title (if any):</b> None			
<b>Faculty:</b>		<b>Department:</b> Department of Business Sustainability	
<b>Course coordinator:</b> Dr. Santosh Pande		<b>Course instructor:</b> Dr. Santosh Pande	
<b>Contact details:</b> spande@nihilent.com			
<b>Course type:</b> Elective		<b>Course offered in:</b> MBA (BS) & MBA Infrastructure	
<p><b>Course description:</b></p> <p>The Enron and WorldCom implosions, that were discreet events involving fraud and loss to shareholders, employees and pensioners and resulted in legislations such as the <i>Sarbanes-Oxley Act</i> of 2002, marked a significant increase in interest in the field of corporate governance<sup>1</sup>.</p> <p>The subsequent Global Financial crisis of 2007-2009 which resulted in various governments spending billions of taxpayer money in bail-out packages to business organizations has led to a view that corporate governance reforms need to be much more profound and, possibly, even intrusive and has resulted in a debate on the role to be played by the state, as a regulator, in ensuring good governance.</p> <p>The impact of corporate mis-governance is quite significant and extends far beyond the affected organization; therefore, corporate governance has fast emerged as a significant academic discipline in the last two decades and today occupies a significance presence in the curricula at business schools.</p> <p>Even though corporate governance reforms in India are of recent origin they are increasingly occupying center stage in discussions. While the reform process got a kick start with the liberalization of the Indian Economy in the 90s and the progress in legislating and introducing corporate governance reforms in India in the last two decades has been quite significant, their effectiveness continues to be a matter of considerable debate. Corporate India has also had its share of governance scams with Satyam, which has been described as India's Enron<sup>2</sup>, being the most notable one.</p> <p><b>Course objectives:</b></p> <p>Given that effective corporate governance is crucial to a successful and sustainable corporate enterprise and also the fact that it is, as yet, an evolving discipline, this course would help to equip students with the frameworks that are required to understand and apply the roles, responsibilities, reporting obligations, liabilities and effectiveness of boards of directors, management, shareholders, regulators and other corporate stakeholders with specific reference to the challenges that are faced in the Indian business environment.</p> <p>This course would pay particular attention to how developments in corporate governance have been shaped by various theories of corporate governance and trace the history of developments in this field- internationally and in India.</p>			
<b>Course contents</b>			
<b>Module</b>	<b>Topic</b>	<b>L</b>	<b>T</b>
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<sup>1</sup>The topicality of corporate governance in the media has increased significantly after the various corporate scams surfaced in the beginning of the twenty-first century. As pointed out by Sanjai Bhagat, Brian Bolton, Roberta Romano; The promise and peril of Corporate Governance Indices; ( 2007 ) -downloaded from [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1019921](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1019921) – in the nearly five years since Enron's collapse, there have been 1,342 *New York Times* news stories containing the phrase “corporate governance,” whereas to reach a comparable count prior to that date, one has to cumulate news stories over ten years to 1986 (totaling 1,388), as searched in Lexis in September 2006.

<sup>2</sup>The Satyam scandal has been described as India's Enron Refer ECONOMIST, Jan. 8, 2009, <[http://www.economist.com/business/displaystory.cfm?story\\_id=12898777](http://www.economist.com/business/displaystory.cfm?story_id=12898777).

1	<b>Background :</b> The Global Financial Crisis of 2007-09: Its Antecedents and Consequences –the increasing relevance of Corporate Governance.	1	0	0
2	<b>Introduction: Ethics, Morals &amp; Values:</b> Concepts of Utilitarianism and Universalism; Values & Value Orientation of the Firm; Typical Problems in Business Ethics; Conflict of Interest and Ethics; Corporate Social Responsibility.	2	0	0
3	<b>The Theoretical Framework (s) for corporate governance:</b> Agency Theory; Stakeholder Theory; Stewardship Theory: Resource Dependency Theory; Gandhian concept of Trusteeship.	2	0	0
4	<b>Corporate Governance: Why governance?</b> - Ancient Indian Connections; History of Corporate form and models; Corporate Objectives and goals: Ownership pattern: Issues in managing public limited firms; Agency problems. Corporate Governance and Investor Engagement.	2	0	0
5	<b>Nature &amp; Evolution of Corporate Governance:</b> Global and National Perspectives; Global Corporate Governance models; Anglo American and other models (Germany & Japan); Claims of Various Stakeholders: Changes from the eighties; Cadbury Report, OECD Committee Recommendations; SOX Act.	2	0	0
6	<b>Internal Corporate Governance Mechanism:</b> Board of Directors; Functional Committees of Board; Code of conduct, whistle blowers; Board and Committee Assurance Providers and Other Advisors;	2	0	0
7	<b>External Corporate Governance Mechanism:</b> Regulators, Gate keepers, Institutional Investors, Corporate raiders. Auditing, Internal Controls and Compliance	2	0	0
8	<b>Corporate Governance Ratings</b>	1	0	0
9	Specific Challenges for Corporate Governance in India: The role of the dominant shareholder; legal rights and enforcement; differences in cultural factors and their impact on the CG framework; Corporate Governance in family owned companies.	3	0	0
10	<b>Evolution of Corporate Governance in India:</b> corporate form in India - 50s to 90s; developments in Corporate Governance in India in nineties and 2000s; CII, Kumara mangalam Birla, Narayana Murthy, Naresh Chandra, JJ Irani Committee reports; Legal and Regulatory Challenges; introduction and modification of Clause 49; Corporate governance in practice in India - some examples.	2	0	0
11	<b>Corporate Governance Issues in Satyam Case – An Analysis</b>	1	0	0
12	<b>Rights of Minority Shareholders in Indian PSUs: the case of Coal India.</b>	1	0	0
13	<b>How successful have CG Reforms been in India?</b>	1	0	0
14	<b>Does Good Governance lead to good performance? Can good governance be mandated?</b>	1	0	0
15	<b>The Future Direction for Corporate Governance</b>	1	0	0
16	<b>Group Presentations</b>	4	0	0
		28	0	0
<b>Evaluation criteria:</b>				
Minor Exam: 30%				
Assignments: 30%				
Major Exam: 40%				
<b>Learning outcomes:</b>				
At the end of the course, the students would have:				
<ul style="list-style-type: none"> <li>▪ Developed an understanding of the conceptual framework for Business Ethics &amp; Values and appreciate</li> </ul>				

ethical issues and concerns that arise while taking decisions in personal and corporate life.

- Understood the various theoretical frameworks on which corporate governance theories are based.
- Followed the evolution of corporate governance frameworks as they have evolved internationally.
- Understood the specific roles, responsibilities, reporting obligations, liabilities and effectiveness of boards of directors, management, shareholders, regulators and other corporate stakeholders in good governance in organizations.
- Appreciated the challenges that are specific to the Indian context and understand why transplanting western concepts of corporate governance to the Indian setting may not give the desired solutions.
- Identified the direction for future corporate governance reforms.

**Pedagogical approach:**

The pedagogy used for the course would be a blend of learning in the class room and then applying theory to the analysis of encapsulated situations (case studies) and project assignments. In this course Learning is not intended to be a one way transmission of information through lectures and the course is designed to be very practical and supported by strong theoretical foundations. Students would be encouraged to be constructively critical of the assumptions, arguments, positions, the status quo and prevailing theories of corporate governance presently put forward by regulators, academics and other stakeholders.

The objective of the pedagogy to be followed is, therefore, to develop the student into an engaged, critically reflective practitioner, who is not necessarily engaged only in quiet self-reflection, but is social, action-oriented and is able to analyze the dominant thinking in this field. Through reflection, students would acquire new (and hopefully more powerful) understanding and appreciation of the phenomenon of corporate governance, individually and in concert with their colleagues.

The 28 contact sessions for this course would be broadly organized as follows;

- 22 sessions for Class Room Lecture given by the course Instructor that would expound and package the theory and concepts with illustrations and relate with real life examples;
- 2 sessions of Case Discussion, facilitated by the course Instructor and/or Guest Speakers with dynamic student interaction, to simulate, apply and illustrate any given concept, theory or argument;
- 4 sessions of Group Presentation and Report, led by students, under the supervision of the course Instructor, to communicate, draft and develop the concepts, theory and arguments and make presentations in the class.

**Materials**

**Recommended Textbooks:**

1. Corporate Governance & Stewardship by N. Balasubramanian; published by Tata Mc Graw Hill Education Private Limited, New Delhi.2010 Edition. –will be used as Core Text Book.
2. Business Ethics; An Indian Perspective by A.C.Fernando; published by Dorling Kindersley (India) Pvt. Limited – a licensee of Pearson Education in South Asia.2010 Edition –will be used as Supplementary Text Book.

These texts will be supplemented with additional teaching aids such as academic papers, case studies and research work in this field.

**Additional information (if any):**

**Student responsibilities:**

**Course reviewers:**

1. Mr. M S Sahoo, Secretary General, ICSI
2. Dr. Veena Agarwal, Area Convenor, Centre for Resource and Environmental Governance, TERI.
3. Dr. Ashish Bhattacharya, Professor and HOD, School of Corporate Governance and Policy.

