

Corporate Governance

Module Handbook 2019

Module Code: MN2136

Leicester School of Business

Module Leader
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Corporate Governance

MN2136

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This handbook is intended for the guidance of students taking this module in 2019. Whilst the details contained in this handbook represent teaching staff intentions at the time of writing, it is in the nature of higher education that some module information, such as syllabus, reading lists and assignments, may be subject to modifications during the teaching of a module. Teaching staff reserve the right to make such minor changes in the matters covered by this publication and will endeavour to publicise any such changes as widely and timely as possible.

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Your first point of contact with respect to queries and questions is the [Module Name] BlackBoard page. If you cannot find what you are looking for there, then please feel free to contact [module leader name] via email or during consultation hours.

Any feedback regarding the course, its content or functioning **should be addressed to Dr. Geoffrey Lightfoot** or the Director of Undergraduate Studies.



Module Aims

After completing this module successfully students will be able to:

- Discuss the main types of governance and control mechanisms and practices in corporations in USA, UK and various other European countries
- Analyze, using detailed case studies of corporate governance failures, the challenges that the field faces and how potential solutions may be developed and applied.
- Explain recent corporate governance regulatory initiatives and their potential impact on companies performance and the relations between stakeholders and managers.



Intended Learning Outcomes

The module contributes to the development of the following skills:

- Written communication;
- Problem solving;
- Group work and presenting

Delivery Mechanisms

The module is delivered through a mixture of lectures, seminars and student-centred learning as follows:

	Number	Frequency	Duration
Lectures	10	1 per week	2
Seminars	8	1 per week	1
Self study		Continuous	122 hours

The expectation is that all students will prepare in advance of each seminar, having completed all the required reading and any specified preparatory work in relation to questions set. Seminars are designed as interactive, guided independent learning spaces where the major contribution / discussion is provided by students. Some seminars are used for preparation of assignments.

The outside-of-class part consists of reading around the topic, which you might find works well in informal study groups. For the cases in the seminars it would be helpful if you informed yourself as much as possible about the case. No prior knowledge of the subject is assumed.

Electronic Resources

Please use the MN2136 site on BlackBoard to access lecture slides, reading materials, seminar preparation work, assessment documents, important announcements and other student resources.

Lecture slides will be posted on Blackboard 48 hours prior to the lecture; this means you will be able to print them if you so wish. Both PowerPoint and pdf versions of the slides will be made available.

Reading Strategies

The recommended textbook for this module is Jill Solomon's *Corporate Governance and Accountability* (Fourth Edition), Wiley, 2013. The text is worth buying but it is not essential. Other corporate governance texts are available and usable but this one has a more interesting theoretical approach. It is, I believe, particularly helpful in bringing out the issues that will need to be addressed in the essay. The third edition is very similar, so there is no real problem with buying a secondhand copy of that instead (although the page and chapter references used in classes will obviously be wrong. Most lectures loosely tie into chapters in Solomon's book – you will find it helpful to read the material that Solomon's uses. This is particularly the case when it comes to detailed descriptions – the lectures will explore the key concepts and Solomon provides more detail than will be provided in the lectures.

There is a substantial reading list available on Blackboard. The journal that you will find most useful is *Corporate Governance: An International Review*, but many other journals also address this subject. Here, you will find it easiest to search for specific themes related to your assignment or for particular examples.

In addition to the textbook, other printed material will be circulated, during lectures and seminars.

The module will make use of films at many points. The key resources here are *The Corporation*, *Enron: The Smartest Guys in the Room*, *Rogue Trader*, *Inside Job*, *The Fall of Lehman Brothers* and *The Big Short*.

Corporate governance is often a hot topic in the news, particular when there is a company failure. We shall be looking at certain cases as they reach they news – independent reading in serious newspapers will help here, too.

Lectures

The two-hour lecture will be delivered once a week in Attenborough Lecture Theatre 1 at 12.00.

Week	Lectures
11	Defining governance and accountability
12	Contextualising corporate governance: social, economic and legal aspects
13	Corporate governance: boards and investors
14	Corporate governance in the UK
16	International corporate governance frameworks
17	Compliance and non-compliance
18	Social, environmental and ethical responsibility
19	Corporate disclosure, financial reporting and corporate governance
20	Executive compensation
21	Review

Week 11: Module Introduction: Defining governance and accountability

This session will introduce the module through presentation of the module handbook, assessment criteria and reading strategy.

One of the key questions that we will be asking is what makes a 'good' company. We shall also be introducing the key theoretical lenses through which we can examine corporate governance

Week 12: Contextualising corporate governance: social, economic and legal aspects

This session looks at the frameworks within which corporate governance operates

Week 13: Corporate governance: boards and investors

This session looks at the role of boards and their relationship with different types of investors

Week 14: Corporate governance in the UK

Here we look at how corporate governance developed in the UK and the key challenges now facing it

Week 16: International corporate governance frameworks

A tour around the world, looking at how corporate governance is shaped by different institutions in different countries

Week 17: Compliance and non-compliance

How do you make companies practice good corporate governance. And what happens if they don't?

Week 18: Social, environmental and ethical responsibility

Consideration of the wider issues that shape some understanding of corporate governance

Week 19: Corporate disclosure, financial reporting and corporate governance

The role of the accounting statements and stock market rules in corporate governance

Week 20: Executive compensation

Fat cats! How much should executives get paid and how should their award be assessed?

Week 21: Review

A summary of the module and final pointers for the essay submission.

Seminars

You will have a one-hour seminar every week. Prior to attending the seminar it is important that you complete any preparatory work that can be found on BlackBoard. Please ensure you bring the module handbook with you to classes either in hard copy or electronically. .

Please note: success on this module is determined by your willingness to engage and work hard.

Please check your timetable for your seminar time and room.

Seminars as a delivery mechanism

Seminars are large group sessions within which small group work and discussion take place. They are your chance to test ideas, raise issues, challenge assumptions and discuss differences in perception. They are designed as a safe environment in which to engage in directed learning. Students will typically work in groups of 5-6 people. Ideas, questions and conclusions developed in the small groups will tend to be shared (at the end of sessions) with the entire seminar. This means that students benefit from the intensity of small group discussion and the knowledge generated by a larger forum. Seminars start from the basis that all statements are open to question, and any opinion may be put forward as long as they can be substantiated, and do not cause deliberate offence on the grounds of age, disability, race, gender or sexual orientation.

Role of the student

The success of any seminar is dependent on the input of its participants. Key in this respect is the student. To get the most out of the seminars (to have meaningful discussions and learning experiences) you will need to undertake the core reading and have completed any preparatory work prior to attending the seminar.

Role of the tutor

Each session is led by a tutor. Their role is to set the ground rules for each session, describing the aims and broad structure. They also work the room providing assistance and guidance during set exercises/discussions. They will provide information where possible, or direct to sources of information where they do not have the answers themselves. They are there to **guide** discussions, **not dominate them**. They will bring the session to a conclusion, drawing out key themes and their relation to the learning objectives. They will, where possible, seek to answer questions relating to wider aspects of the course.

Seminars

For this module you will have a one-hour seminar every week.

Week	Seminars
13	Changing Stakeholders
14	Case Study: Barings Bank
16	Shareholder Democracy
17	Case Study: Libor
18	Prevention and Punishment
19	Case Study: Sports Direct
20	Essay Themes and Topics
21	Current Corporate Governance Issues

N.B: All material for seminar preparation can be found on Blackboard.

Week 13:

In this session you will: examine the roles of different stakeholders in corporate governance and discuss how changing the definition of stakeholders influences corporate governance

Week 14:

In this session you will: examine the case of the failure of Barings Bank. What went wrong and how was this a failure of corporate governance

Week 16:

In this session you will: examine the power of shareholders and discuss the roles of different stakeholders in corporate governance and discuss how changing the definition of stakeholders influences corporate governance

Week 17:

In this session you will: examine the case of Libor manipulation and discuss whether this was a failure of corporate governance.

Week 18:

In this session you will: discuss whether corporate governance should be legally enforced.

Week 19:

In this session you will: examine the case of Sports Direct and consider the questions of corporate governance that the firm highlights.

Week 20

In this session we shall discuss ways of tackling the essay assignment.

Week 21:

The seminars will conclude with an examination of corporate governance issues in the news and what they might mean for future development of corporate governance.



Assessment

This module employs a range of methods to assess your progress and motivate learning.

Please see BlackBoard for the Assessment Briefs.

Summative	Anon Marked?	Hand-in Date	Weighting	Feedback Date
Essay	Yes	17.12.2019	100%	12.01.2020

There is no requirement for you to pass all components of the module, however, you must pass the module itself i.e. an overall mark of 40% +.

If you fail the module then you will have the opportunity to resit.

Essay Submission

You are required to submit a 3000 word essay by 17 December 2019 via Blackboard on the following subject:

What are the obstacles preventing good corporate governance and how might they be overcome? Discuss, using course materials and concepts used in the module.

Assignment notes

There are several different ways of addressing this question and more guidance will be provided during the lectures and on Blackboard. However, one way of demonstrating that you have understood the course material and concepts is to show that different conceptualisations of corporate governance lead to different idealisations of good corporate governance, some of which may be contradictory.

It is possible to use both more theoretical and more practical ways of answering. You may, for example, look at competing theories and, by demonstrating their implications for corporate governance, decide that there can be no 'good' corporate governance. You could focus on how corporate governance has developed in practice and argue whether or not this indicates progress towards good governance. You might argue that calls for better governance are misplaced and their implementation is harmful or, conversely, that good governance is only being prevented by powerful groups opposed to its implementation. Even if you do not use a largely theoretical approach, you will need to make sense of how theory applies to the material that you examine. At a minimum, you should be able to show how agency theory and stakeholder theory are relevant. And there are more choices still, which will be outlined in the coming lectures. Which you choose, and how you go about answering it is largely up to you but I would advise checking with me if you plan to deviate far from these general approaches.

Good essays will have a strong structure and clear development of ideas, exploring the arguments critically. This is again why using competing conceptualisations is helpful – it enables you to readily critique different positions.

Examples are welcome. However, aim to make them as brief and as relevant as possible. Avoid repetition and lists of points – this is an academic essay and will be marked as such.

Remember that there is a clear question that you are being asked and your essay should be used to arrange an argument that leads to an answer to that question. The actual answer is, to a large extent, up to you – we are looking for you to demonstrate your command of the material not to give the 'right' answer.

Mark	Undergraduate Grade Descriptor
85-100%	<p>Scholarship: Excellent application of a rigorous and extensive knowledge of subject matter; perceptive; demonstrates a critical appreciation of subject and extensive and detailed critical analysis of the key issues; displays independence of thought and/ or a novel and relevant approach to the subject; reveals both breadth and depth of understanding, showing insight and appreciation of argument.</p> <p>Independent learning: Work draws on a wide range of relevant literature and is not confined to reading lists, textbooks or lecture notes; arguments are well supported by a variety of means.</p> <p>Writing skills: Writing skills are excellent; writing is clear and precise; arguments are logical, well-structured and sustained, and demonstrate thorough understanding; conclusions are reasoned and justified by evidence.</p> <p>Analysis: Work demonstrates a robust approach to analysis that is evident of a deep understanding of relevant concepts, theories, principles and techniques.</p>
70-84%	<p>Scholarship: Very good application of a rigorous and extensive knowledge of subject matter; demonstrates a critical appreciation of subject; displays detailed thought and consideration of the subject; reveals very good breadth and depth of understanding.</p> <p>Independent learning: Work draws on a range of relevant literature and is not confined to reading lists, textbooks or lecture notes.</p> <p>Writing skills: Writing skills are well-developed; writing is clear and precise; arguments are logical, well-structured and demonstrate thorough understanding; conclusions are justified by evidence.</p> <p>Analysis: Analytical steps carried out carefully and correctly demonstrating that it is based on a sound understanding. Analysis is relevant to the problem and is complete and is placed in a clear context.</p>
60-69%	<p>Scholarship: Good, broad-based understanding of subject matter; makes effective use of understanding to provide an informative, balanced argument that is focussed on the topic; reveals some attempt at creative, independent thinking; main points well covered, displaying breadth or depth but not necessarily both; broadly complete and relevant argument;</p> <p>Independent learning: Sources range beyond textbooks and lecture material and are used effectively to illustrate points and justify arguments.</p> <p>Writing skills: Arguments are presented logically and coherently within a clear structure and are justified with appropriate supporting evidence; capably written with good use of English throughout; free from major errors; complex ideas are expressed clearly and fluently using specialist technical terminology where appropriate.</p> <p>Analysis: Some minor slips in the steps of the analysis and some minor gaps in understanding of underlying principles. Analysis is relevant to the problem and mostly complete. A good interpretation which conveys most of its meaning.</p>
50-59%	<p>Scholarship: Some but limited engagement with, and understanding of, relevant material but may lack focus, organisation, breadth, and/or depth; relatively straightforward ideas are expressed clearly and fluently though there may be little or no attempt to synthesise or evaluate more complex ideas; exhibits limited independent creative thought; adequate analysis but some key points only mentioned in passing; arguments satisfactory but some errors and perhaps lacking completeness and relevance in parts.</p> <p>Independent learning: Sources may range beyond lecture material and textbooks though effective engagement with and use of the wider literature is limited.</p> <p>Writing skills: The question is addressed in a reasonably clear, coherent and structured manner but some sections may be poorly written making the essay difficult to follow, obscuring key points or leading to over-generalisation; competently written with a good use of English throughout (few, if any, errors of spelling, grammar and punctuation). Answers that have upper second-class qualities may fall into this category if they are too short, unfinished or badly organised.</p> <p>Analysis: Minor slips and occasional basic errors in analysis. Underlying principles are mostly understood, but clear gaps are apparent. Analysis falls short of completeness and is a little irrelevant in place but a reasonable interpretation which goes some way to convey its meaning</p>

Mark	Undergraduate Grade Descriptor
45-49%	<p>Scholarship: Minimum acceptable level of understanding; extremely basic and partial understanding of key issues and concepts; some material may be used inappropriately; uninspired and unoriginal; relies on limited knowledge; analysis poor or obscure, superficial or inconsistent in places; arguments incomplete, partly irrelevant or naive.</p> <p>Independent learning: Sources restricted to core lecture material with no evidence of wider reading.</p> <p>Writing skills: Though errors may be few and generally insignificant, answer may be poorly focussed on the question, lack rigour and/or consist of a series of repetitive, poorly organised points or unsubstantiated assertions that do not relate well to one another or to the question, although some structure discernible; borderline or poor competence in English (some problems of spelling, punctuation and grammar that occasionally obscures comprehension).</p> <p>Analysis: Some knowledge of the analysis to be followed, but frequent errors. Some attention paid to underlying principles, but lacking in understanding and frequently irrelevant. Some interpretation is given, but it does not place the analysis in any real context</p>
40-44%	<p>Scholarship: Minimum acceptable level of understanding; extremely basic and partial understanding of key issues and concepts; some material may be used inappropriately.</p> <p>Independent learning: Sources restricted to core lecture material with no evidence of wider reading.</p> <p>Writing skills: Though errors may be few and generally insignificant, answer may be poorly focused on the question, lack rigor and/or consist of a series of repetitious, poorly organised points or unsubstantiated assertions that do not relate well to one another or to the question; borderline competence in English (some problems of spelling, punctuation and grammar that occasionally obscures comprehension).</p>
30-39%	<p><i>Minimum requirements have not been met.</i></p> <p>Scholarship: Inadequate knowledge of relevant material; omission of key ideas/material; significant parts may be irrelevant, superficial or factually incorrect; inappropriate use of some material; mere paraphrasing of course texts or lecture notes; key points barely mentioned; very weak grasp or complete misunderstanding of the issues; inclusion of irrelevant material; does not address the topic or question.</p> <p>Independent learning: Restricted to a basic awareness or no awareness of course material and textbooks; very meagre use of supporting material or unsupported assertions; use of irrelevant or unconvincing material.</p> <p>Writing skills: Unacceptable use of English (i.e. comprehension obscured by significant and intrusive errors of spelling, punctuation and grammar); poor and unclear, or totally incoherent, structure. Answers that 'run out of time' or miss the point of the question may fall into this (or a lower) class.</p> <p>Analysis: Erroneous analysis with mistakes. Very little attention paid to the underlying principles of the analysis. Far from complete with little relevance to the problem. Limited interpretation that reveals little, if anything, about the meaning</p>
20-29%	<p>Scholarship: Displays a superficial appreciation of the demands and broad context of the question but is largely irrelevant, fundamentally flawed, or factually incorrect; inappropriate use of material; mere paraphrasing of course texts or lecture notes; key points barely mentioned; complete misunderstanding of the issues; inclusion of irrelevant material.</p> <p>Independent learning: Restricted to a limited awareness of basic course material; unsupported assertions; use of irrelevant or unconvincing material.</p> <p>Writing skills: Minimal structure, though may only list key themes or ideas with limited comment or explanation.</p> <p>Analysis: Analysis has very significant omissions demonstrating little understanding of problem or underlying principles. Analysis may be ill suited to problem. Very little interpretation of meaning of the analysis.</p>
0-19%	<p>Scholarship: No recognition of the demands or scope of the question and no serious attempt to answer it. Complete misunderstanding of the issues; inclusion of irrelevant material. May have simply failed to address the question/topic set.</p> <p>Independent learning: No evidence that the most basic course material has been understood; unsupported assertions; use of irrelevant or unconvincing material.</p> <p>Writing skills: Without structure; comprehension may be completely obscured by poor grammar, spelling, punctuation.</p> <p>Analysis: Virtually complete failure to carry out analysis. No evidence of understanding of underlying principles and bears no relevance to the problem. No attempt to interpret or explain the meaning of the analysis.</p>