



## **FIN 32313: Corporate Governance**

**Level: 3000**

**Number of Credits : 03**

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### **Course Description**

Corporate governance encompasses the instruments that govern the transparency, accountability, integrity, equity, and social responsibility in the decision-making process of the business. It improves awareness on corporate governance structures, their implications for the smooth operations of organizations. It enables the evaluation of existing corporate control systems.

### **Intended Learning Outcomes**

At the end of the course, the student will be able to;

- Explain the evolution and theoretical foundations of corporate governance,
- Identify the causes for the corporate failures and importance of corporate governance,
- Discuss different regulatory frameworks, models and codes of corporate governance best practices
- Apply the principles of corporate governance towards maintaining an effective control system
- Evaluate a given scenario for governance issues, and make recommendations to address them.

### **Teaching/Learning Methods**

Lectures, Group discussions, Case Studies, Workshops and Seminars

### **Methods of Assessment**

In-course Assessments	: 30%
End Semester Examination	: 70%

### **Course Contents**

1. Overview of the corporate governance  
Concept of corporation and corporate governance
2. Theories of corporate governance:  
Principles of Corporate Governance, Models of Corporate Governance, Components of Corporate Governance
3. Historical Developments of Corporate Governance  
Developments in the 1970s, 1980s and early in the 21st century, Types of Corporate Structure, Historical Legal Landmarks, Corporate Raiders
4. Shareholders and their role in a corporation  
Ownership and Responsibility, Board Elections, Proposal Submission and Voting, Duty of Loyalty and Duty of Care, Shareholder Meetings
5. Board of directors and its functions  
Duties of a corporation's board of directors, Process of electing the board of directors, Issues surrounding director compensation, Legal Obligations of the Directors

6. Distinction, Significance and the Roles of CEO and the chairperson  
Role of the Chairperson, Expectations of the CEO, Executive Compensation, Board–Management Relationship, CEO Succession Planning, Selection, and Performance
7. Best practices of corporate governance  
Corporate crime Corporate Control, Influence of the audit committee, Importance of the internal auditor, External auditor, and the Company secretary
8. Changes made through corporate governance  
Whistle-blower Procedures, Educating Employees, Code of Ethics, Code enforcement and Evaluation, Performance Evaluations, Director Elections
9. Regulations and strategies for corporate governance  
Significance of the Sarbanes-Oxley Act, Code of best practices of Corporate governance, Roles of Securities & Exchange Commission and Colombo Stock Exchange, Regulations for Shareholder Proposals
10. Contemporary issues and the future of corporate governance  
New corporate governance policies and Changing expectations of the Society with respect of corporate governance practices

### **Recommended Readings**

1. Tricker, B. ( 2012) Corporate Governance: Principles, Policies and Practices, Second Edition, Oxford University Press
2. Sanjay, A. (2008) Essentials of Corporate Governance, Published by John Wiley & Sons, Inc., Hoboken, New Jersey.