



## Level 5 Diploma in Finance (530) 147 Credits



<b>Unit:</b> Corporate Governance	<b>Guided Learning Hours:</b> 340
<b>Exam Paper No.:</b> 5	<b>Number of Credits:</b> 34
<b>Prerequisites:</b> Knowledge of accounting and financial terminology.	<b>Corequisites:</b> A pass or higher in BA & Computer Systems or Diploma in Accounting & Finance or equivalence.
<p><b>Aim:</b> Since shareholders began delegating decision-making power to managers, they have had to monitor managerial performance, deal with potential conflicts of interests, and find effective approaches to motivating and rewarding the right behaviours. These issues have grown in importance as institutional investors have become more assertive. Every business activity is affected by the issues of corporate governance and social responsibility. This unit examines how modern corporations are governed and to whom they should be responsible, including; the effects of legislation on corporate governance, including the adoption of laws that permit, and requires the board of directors to take into account the impact an action will have not only on the shareholders but also on the other corporate stakeholders like employees, customers, suppliers, and communities where the corporation does business. It analyses the role of the board of directors and the re-aggregation of shareholder power due to concentrated institutional holdings. Consideration is also given to international comparisons of corporate governance structures and legal issues arising in contests for corporate control. The unit also examines: the governance structure of the modern British corporation; investors' rights; the ways shareholders can control managers and how the interest of managers and shareholders can be aligned. Learners will learn how to: use valuation models to maximize shareholder wealth; link governance issues and investment decisions; evaluate investment proposals-and organisational changes-from the shareholder's viewpoint; employ debt to control conflicts of interest between shareholders and managers; explain conflicts of interest between shareholders and corporate managers through agency theory and free cash flow theory; measure and reward management using Economic Value Added (EVA); understand how conflicts can be mitigated through financial, dividend, managerial compensation policies; evaluate common pay-for-performance schemes and compare UK forms of corporate governance with those of other industrial countries.</p>	
<b>Required Materials:</b> Recommended Learning Resources.	<b>Supplementary Materials:</b> Lecture notes and tutor extra reading recommendations.
<b>Special Requirements:</b> The unit requires a combination of lectures, demonstrations and discussions.	
<p><b>Intended Learning Outcomes:</b></p> <p>1 The corporation and its stakeholders; business corporations' complex relationships with many individuals and organisations; including the tools or techniques available to public affairs managers to assess an organisation's multiple environments.</p> <p>2 Corporate social responsibility initiative to assess and take responsibility for the organisation's effects on the environment and impact on social welfare.</p>	<p><b>Assessment Criteria:</b></p> <p>1.1 Describe the relationship between business and society</p> <p>1.2 Analyse the purpose of the modern corporation</p> <p>1.3 Define a stakeholder, and who are a corporation's market and nonmarket stakeholders</p> <p>1.4 Define stakeholder analysis, and how it can be used to build collaborative relationships</p> <p>1.5 Define what forces of change continually reshape the business and society relationship</p> <p>1.6 Describe public issues, and the life cycle through which they evolve</p> <p>1.7 Describe the duties of a company's public affairs manager or office</p> <p>1.8 Define the steps in the issue management process</p> <p>1.9 Describe how a public affairs manager effectively respond to an organisational crisis</p> <p>1.10 Define public affairs management</p> <p>2.1 Describe the basic meaning of corporate social responsibility</p> <p>2.2 Describe where and when did the idea of social responsibility originate</p> <p>2.3 Describe the critical arguments for and against</p>

	<p>corporate social responsibility</p> <p>2.4 Define how the businesses meet its economic and legal obligations while being socially responsible</p> <p>2.5 Illustrate how the business balance its responsibilities to multiple stakeholders, including its stockholders</p> <p>2.6 Justify if corporate citizenship is being socially responsible for meeting legal, ethical and economic responsibilities placed on them by shareholders</p> <p>2.7 Describe how different groups and social forces change the way management responds to the dynamic social climate</p> <p>2.8 Describe how corporate social responsibility differ from corporate citizenship</p> <p>2.9 Illustrate the stages in the model of corporate citizenship strategies</p> <p>2.10 Describe the innovative programs which can be developed by businesses to show their corporate citizenship</p>
<p>3 Ethical issues in business principles that guide the way a business behaves; moral judgements about right and wrong; also ethical reasoning and corporate programs elements of ethical character and analyzing ethical problems and making ethics work in corporations.</p>	<p>3.1 Define ethics Explain business ethics</p> <p>3.2 Describe why businesses should be ethical</p> <p>3.3 Analyse why ethics problems occur in business</p> <p>3.4 Describe efforts being made to curtail unethical practices around the world</p> <p>3.5 Explain if ethical behaviour and legal behaviour are the same</p> <p>3.6 Describe industry wide ethical issues</p> <p>3.7 Describe company specific ethical issues</p> <p>3.8 Describe the current ethical issues in businesses and look for ways in which to tackle them</p> <p>3.9 Describe managers' values</p> <p>3.10 Describe the roles personal character and spirituality play in business ethics</p> <p>3.11 Describe how a company's culture and work climate influence the ethical views of managers and employees</p> <p>3.12 Identify how much weight should be given to harms and benefits, to human rights, and to social justice, in analyses of ethics issues.</p> <p>3.13 Describe the strengths and weaknesses of ethics policies, ethics training programs, ethics assist lines, and similar reform efforts.</p>
<p>4 The challenges of globalisation factors affecting the production, improvements in transportation network and technology issues.</p>	<p>4.1 Define globalisation.</p> <p>4.2 Describe the major ways in which companies enter the global marketplace</p> <p>4.3 Analyse the major drivers of the globalisation process.</p> <p>4.4 Describe the arguments for and against the globalisation of business</p> <p>4.5 Define the major codes of conduct governing the social and ethical behaviour of transnational corporations</p> <p>4.6 Describe how businesses work collaboratively with governments and the civil sector to address global social issues</p> <p>4.7 Describe the major types of political and economic systems in which companies operate</p>

<p>5 Business-government relations; relations between national governments and multinational companies; the laws and regulations affecting business operations.</p>	<p>4.8 across the world, Analyse the special challenges posed by doing business in diverse settings</p> <p>5.1 Analyse and identify if governments seek to cooperate with or work against business</p> <p>5.2 Define public policies, and analyse are the elements of the public policy process</p> <p>5.3 Describe the major types of government regulation of business</p> <p>5.4 Describe the reasons for regulation</p> <p>5.5 Analyse the costs and benefits of regulation for business and society</p> <p>5.6 Describe how regulation in a global context affect business</p> <p>5.7 Explain how the activities of government present a major variable to achieving success in today's modern business environment</p>
<p>6 The types of corporate political strategies, and analysing what influences an organisation's development of a particular strategy</p>	<p>6.1 Describe the arguments for and against business participation in the political process</p> <p>6.2 Explain the influences in the political environment</p> <p>6.3 Describe the tactics businesses that want to be involved in the political process use</p> <p>6.4 Define how the problem of money and campaign financing in the United Kingdom political system affect business</p> <p>6.5 Describe the challenges businesses face in managing business-government relations in different countries</p>
<p>7 The reasons for the recent wave of mergers and acquisitions; causes for companies failing to integrate and profit from Mergers and Acquisitions activity.</p>	<p>7.1 Analyse dilemmas corporate power present in a democratic society</p> <p>7.2 Describe the objectives of the antitrust laws, and how are they enforced</p> <p>7.3 Describe the key issues in contemporary antitrust policy</p> <p>7.4 Describe antitrust, mergers, and competition policy</p> <p>7.5 Describe how new technologies and economic globalisation affected antitrust policy.</p> <p>7.6 Analyse how they have affected the relationship between business and its stakeholders</p>
<p>8 Sustainable development and analysing the obstacles to developing the world's economy to meet the needs of the present without hurting future generations.</p>	<p>8.1 Describe the major threats to the earth's ecosystem</p> <p>8.2 Analyse the ways population growth, poverty, and industrialisation accelerated the world's ecological crisis</p> <p>8.3 Describe environmental issues shared by all nations</p> <p>8.4 Explain the steps the world business community has taken to reduce ecological damage and promote sustainable development</p> <p>8.5 Illustrate why it is in the interest of business to respond to community problems and needs</p> <p>8.6 Define community relations managers, and their major responsibilities</p> <p>8.7 Analyse how collaborative partnerships between</p>

	<p>businesses and communities address today's social problems</p> <p>8.8 Define a community, and the interdependencies which exist between companies and the communities in which they operate</p>
<p>9 The main features of environmental laws in the United Kingdom and other nations; the advantages and disadvantages of different regulatory approaches.; including the dominant features of technology and innovation pace of technological change</p>	<p>9.1 Describe the costs and benefits of environmental regulation</p> <p>9.2 Define an ecologically sustainable organisation</p> <p>9.3 Describe how businesses best manage environmental issues</p> <p>9.4 Analyse whether effective environmental management make firms more competitive</p> <p>9.5 Describe how e-commerce changed the way businesses operate and how they interact with their stakeholders</p> <p>9.6 Describe how the emergence of technology superpowers affected the global marketplace</p> <p>9.7 Describe how technology has changed lifestyle at home, education at school, and health systems</p> <p>9.8 Outline and give factors to a technological or digital divide, and if this divide widening or narrowing</p> <p>9.9 Describe if businesses from developing countries participants in or only observers of technological growth</p>
<p>10 Analyse how corporations are governed, in particular the role of the board of directors in protecting the interests of owners.</p>	<p>10.1 Define stockholders, their objectives and legal rights</p> <p>10.2 Describe how recent corporate scandals affects corporate governance</p> <p>10.3 Describe the function of executive compensation, and if top managers are paid too much</p> <p>10.4 Analyse how investors organise to promote their own economic and social objectives</p> <p>10.5 Describe how the government protect against stock market abuses, such as fraudulent accounting and insider trading</p> <p>10.6 Evaluate and define shareholder rights and corporate governance</p>
<p>11 Consumer protection; consumer protection policy, the law protects consumer rights when consumers buy goods or services and the obligations of business to protect workers, including the government regulation of employee health and safety.</p>	<p>11.1 Describe the major rights of consumers</p> <p>11.2 Describe ways government regulatory agencies protect consumers</p> <p>11.3 Describe product liability crisis</p> <p>11.4 Describe how socially responsible corporations respond to consumer needs</p> <p>11.5 Describe the responsibilities of the Office of Fair Trading</p> <p>11.6 Describe the responsibilities of the Trading Standards Services</p> <p>11.7 Describe how the government run campaigns to raise business and consumer awareness on a variety of different issues</p> <p>11.8 Define the rights workers have</p> <p>11.9 Explain the relationship between employees and the corporation.</p> <p>11.10 Describe if businesses can legitimately monitor employee communications</p> <p>11.11 Analyse if employees have a duty to blow the</p>

<p>12 Understand how best companies can manage workforce diversity, making the workplace welcoming, fair, and accommodating to all employees.</p>	<p>whistle on corporate misconduct</p> <p>11.12 Describe the special obligations of transnational corporations to their employees around the world</p> <p>12.1 Describe the role the government play in securing equal employment opportunity.</p> <p>12.2 Describe how to manage a diverse workforce</p> <p>12.3 Describe if affirmative action an effective strategy for promoting equal opportunity, or not</p> <p>12.4 Analyse ways diversity confer a competitive advantage</p> <p>12.5 Define policies and practices most effective in helping today's employees manage the complex, multiple demands of work and family obligations</p>
<p><b>Methods of Evaluation:</b> A 2½-hour written examination paper with five essay questions, each carrying 20 marks. Candidates are required to answer all questions. Candidates also undertake project/coursework in Corporate Governance with a weighting of 100%.</p>	

### Recommended Learning Resources: Corporate Governance

<p><b>Text Books</b></p>	<ul style="list-style-type: none"> <li>• Corporate Governance by Christine Mallin. ISBN-10: 019928900X</li> <li>• Corporate Governance by Robert A.G. Monks , Nell Minow. ISBN-10: 1405171065</li> <li>• Corporate Governance and Accountability by Jill Solomon. ISBN-10: 0470034513</li> </ul>
<p><b>Study Manuals</b></p> 	<p>BCE produced study packs</p>
<p><b>CD ROM</b></p> 	<p>Power-point slides</p>
<p><b>Software</b></p> 	<p>None</p>