

COMC005 – Corporate Governance and Business Ethics

Masters of Commerce
Semester II
DSC - Core Paper
COMC005: Corporate Governance and Business Ethics

Course Type/ Course Code	Course Title	Lectures	Tutorials	Practical	Credit	Pre-requisites
DSC - COMC005	Corporate Governance and Business Ethics	3	1	0	4	NIL

Objective: This course is designed to equip students with the ability to comprehend and design corporate governance frameworks, with a focus on stakeholder dynamics and assurance systems. It aims to prepare them with the knowledge and skills necessary for future leadership and board-level roles.

Learning Outcomes: Upon successful completion of this course, students will be able to:

- Develop a framework for effective corporate governance by understanding the roles and responsibilities of various stakeholders in large corporations, and how their interactions lead to different governance structures across countries.
- Serve effectively as board members, help build professional boards, and as senior managers, contribute to strengthening board performance.
- Establish and monitor systems that has strong financial oversight to prevent corporate fraud.
- Appropriately address ethical issues in business and governance, such as conflicts of interest and related party transactions.

Contents:

Unit I (15 hours)

Stakeholders & their Role; Board Architecture & Governance framework; Board leadership conflation, CEO succession & firm trajectory, Comparative analysis of governance systems globally.

Unit II (10 hours)

Theoretical Development of Corporate Governance: Ownership and control, Stakeholder Conflicts vs Harmonic Relations, Principal Cost Theory, Institutionalization of Corporate Governance: Scott's Pillars, Shareholder Primacy vs Stakeholder Legitimacy; Regulatory framework.

Unit III **(10 hours)**
Financial Oversight & Assurance systems; Internal control; IT governance; Reliability of financial statements; Audit Effectiveness & Accountability mechanism; Risk compliance & management; Related party transactions.

Unit IV **(10 hours)**
Business Ethics: Meaning and importance; Ethical theories and business decisions; Code of ethics, building an ethical culture ; Ethical dilemma in decisions; Stakeholder accountability channels, Crony capitalism and corporate funding.

Tutorial Exercises: Students will analyze contemporary case studies to understand the nuances of corporate governance, and examine the boards of listed companies from different countries, along with corporate governance reports, to evaluate board structures and their functioning

Suggested Readings:

- Cadbury, A. (1992). *Report of the committee on the financial aspects of corporate governance*. Gee Publishing.
- Companies Act, 2013. Parliament of India.
- De Falco, S. E. (2024). *Corporate governance: Theories, actors, and control systems in the age of new capitalism*. Springer.
- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16(1), 49–65. <https://doi.org/10.1177/031289629101600103>
- Ferrell, O. C., & Fraedrich, J. (2022). *Business ethics: Ethical decision making & cases* (13th ed.). Cengage Learning.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jhunjhunwala, S. (2024). *Corporate governance: Creating value for stakeholders*. Palgrave Macmillan.
- Monks, R. A. G., & Minow, N. (2011). *Corporate governance* (5th ed.). John Wiley & Sons.
- Securities and Exchange Board of India (SEBI). (2015). *Listing Obligations and Disclosure Requirements Regulations, Chapter IV*. <https://www.sebi.gov.in>
- Sharma, J. P. (2016). *Corporate governance, business ethics and CSR*. Ane Publishing.
- Shleifer, A., & Vishny, R. W. (1989). Management entrenchment: The case of manager-specific investments. *Journal of Financial Economics*, 25(1), 123–139. [https://doi.org/10.1016/0304-405X\(89\)90099-8](https://doi.org/10.1016/0304-405X(89)90099-8)
- Tricker, B. (2019). *Corporate governance: Principles, policies, and practices*. Oxford University Press.