

**ACC3611 Corporate Governance and Ethics
(Semester 1, AY2015/2016)**

Teaching Team

Name	Role	Email	Office
A/P Mak Yuen Teen (MYT)	Coordinator/Lecturer	bizmakyt@nus.edu.sg	BIZ1 7-27
Dr Luo Shuqing (LSQ)	Lecturer	sluo@nus.edu.sg	BIZ1 7-20

Time and Venue:

Section	Time	Venue
K1	8 am -11 noon on Fridays	BIZ2 413B
K2	1-4 pm on Thursdays	BIZ2 413B
K3	8 am -11 noon on Thursdays	BIZ2 413B

Workload (hours per week):*

Seminar (Lecture/Case presentations):	3
Project, tutorial assignments, etc:	4
Preparatory work :	6

Modular Credits: 4

Pre-requisites: ACC1002 Financial Accounting
BSP1004 Legal Environment of Business

*Classes will consist of one three-hour session per week, which will be a combination of lecture and case presentations by students, except for the first two weeks. There will be an evening class (tentatively scheduled for Thursday, 15 Oct, 6-9 pm) with one or more external speakers in place of classes for the week beginning Nov 2. This session will deal with the topic of bribery and corruption and is examinable. The last week of classes will be conducted through e-learning.

AIM

There are many definitions of corporate governance. One definition states that corporate governance involves “a set of relationships between a company’s management, its board, its shareholders and other stakeholders [and that which] provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined” (OECD Principles of Corporate Governance, 2004). This module covers corporate governance from a multi-disciplinary perspective, including law, finance, accounting and economics; discusses ethical dilemmas and challenges faced by managers and employees; and examines the tools that organisations use to institutionalise a strong ethical culture and the effectiveness of these tools.

OBJECTIVES

- To enable students to understand the conceptual framework and key rules, regulations, and guidelines governing the corporate governance of companies in Singapore and internationally.
- To enable students to understand the impact the global forces, such as multilateral organisations, foreign governments, multinational corporations and global investors, on corporate governance
- To enable students to understand corruption and fraud issues in Singapore and the region, including the role of regulatory bodies in fraud and corruption control
- To enable students to understand the importance of ethics and learn to deal with ethical conflicts and dilemmas in an appropriate manner.
- To equip students with in-depth knowledge of key corporate governance practices, issues and challenges.
- To enable students to be able to assess the quality of corporate governance of companies
- To enable students to have a basic understanding of governance of public sector organisations and not-for-profit organisations, including their similarities and differences

POSITION OF THE MODULE IN THE OVERALL SYLLABUS

This module builds on and complements students’ knowledge and understanding acquired through the several accounting modules (such as Financial Accounting and Assurance and Attestation), finance modules such as corporate finance and investments, and modules on the legal environment of business and corporate and securities laws.

LEARNING APPROACH

Corporate governance is a very practical subject. Companies and various stakeholders deal with corporate governance issues on a daily basis. In this module, students will be exposed to both the theory and practice of corporate governance. In addition to textbook readings and journal articles, many practical examples of corporate governance practices and issues will be discussed to ensure that students' knowledge is grounded in practice. Extensive use will be made of media articles and commentaries. The practical approach is reinforced through the involvement of lecturers and speakers who have extensive practical experience, videos/case studies involving real corporate governance issues, and projects requiring students to develop hands-on understanding of the corporate governance of companies.

ASSESSMENT

Group project*30%

Class/tutorial participation (10%) and tutorial presentation (10%): 20%

Final test (open book): 50%**

* Project due on Mon, 9 Nov, at noon (12pm)

** Tue, 24 Nov, 1-3 pm

Please note that dates are subject to change.

KEY AREAS OF THE SYLLABUS

- Alternative “models” of corporate governance globally
- Forces impacting corporate governance of companies
- Internal and external governance mechanisms
- The corporate governance framework in Singapore (with some comparisons with other major countries)
- Code of Corporate Governance in Singapore and other major corporate governance code and rules globally
- Regulatory frameworks and governance issues in other types of entities
- Roles and composition of board of directors and key board practices
- Executive and director remuneration
- Shareholder rights/activism and market for corporate control
- Corporate governance scorecards/ratings
- Ethics and ethical dilemmas
- Conflicts of interests
- Tone at the top, codes of conduct and whistleblowing

- Corruption, fraud and compliance

PRESCRIBED TEXT

Corporate Governance Case Studies, edited by Mak Yuen Teen, CPA Australia (<http://www.cpaaustralia.com.au>; <http://www.governanceforstakeholders.com>)

Corporate Governance Case Studies: Volume Two, edited by Mak Yuen Teen, CPA Australia (<http://www.cpaaustralia.com.au>; <http://www.governanceforstakeholders.com>)

Corporate Governance Case Studies: Volume Three, edited by Mak Yuen Teen, CPA Australia (<http://www.cpaaustralia.com.au>; <http://www.governanceforstakeholders.com>)

SUPPLEMENTARY MATERIALS**

Corporate Governance: Principles, Policies, and Practices, Bob Tricker, 2012, 2nd Edition, Oxford.

Corporate Governance Matters, D. Larcker and B. Tayan. 2011, Pearson.

OTHER SUPPLEMENTARY READINGS

As recommended for each topic

DETAILED SYLLABUS

- 1. Introduction and overview**
 - a. What is corporate governance and why is it important?
 - b. Key corporate governance mechanisms
 - c. Shareholder versus stakeholder models
 - d. Key differences in corporate governance around the world
 - e. Corporate governance framework of a listed company

- 2. Corporate governance regulatory approaches, regulatory framework, rules and enforcement**
 - a. Regulatory approaches to corporate governance
 - b. Overview of the corporate governance regulatory framework and key sources of CG rules
 - c. The Singapore Code of Corporate Governance
 - d. The “comply or explain” approach
 - e. Implementation and enforcement of corporate governance rules

- 3. Regulatory frameworks and corporate governance of other types of entities**
 - a. Foreign listings
 - b. REITs and business trusts

- 4. Board of directors**
 - a. Board powers, duties and responsibilities
 - b. Board composition – competencies and independence
 - c. Board diversity
 - d. Board leadership
 - e. Board size
 - f. Board committees
 - g. Appointment, election and cessation of directors
 - h. Board renewal and succession planning
 - i. Reviewing independence and commitment of directors

- 5. Executive and director remuneration**
 - a. Overview of rules, principles and guidelines

- b. Structure (mix) of executive remuneration
- c. Performance measures
- d. Different types of performance-based remuneration
- e. Risks associated with pay for performance
- f. Non-executive director remuneration

6. Shareholders and the markets for corporate control

- a. Shareholders and corporate governance
- b. Shareholders' rights
- c. Shareholder activism
- d. Proxy contests
- e. Investor relations
- f. The markets for corporate control
- g. Takeover defences

7. Governance ratings

- a. Governance and transparency index (GTI) and Governance Evaluation for SMEs (GEMS)
- b. ASEAN Corporate Governance Scorecard and Ranking
- c. Asian Corporate Governance Association (ACGA) country and company ratings
- d. Governance Metrics International (GMI) and RiskMetrics ratings
- e. Ratings and performance

8. Ethics and conflict of interests

- a. What is integrity and ethics?
- b. Ethical dilemmas
- c. Conflict of interests
- d. The importance of tone at the top
- e. Code of conduct/ethics
- f. Whistleblowing

9. Corruption, fraud and compliance

- a. Corruption, fraud and bribery - the differences
- b. What's happening in the world of corruption, fraud and bribery

- c. The Singapore context
- d. Is it legal to pay small bribes? Is it ethical to pay small bribes?
- e. The facilitation payments defence and worldwide crack down on facilitation payments
- f. International legislation and its impact locally
 - i. US Foreign Corrupt Practices Act
 - ii. UK Bribery Act
- g. The rise of the compliance function in combating bribery and corruption
- h. Money laundering - bribery, corruption and fraud as predicate offences

BIOGRAPHIES OF INSTRUCTORS

A/P Mak Yuen Teen

Mak Yuen Teen was founding director of the Corporate Governance and Financial Reporting Centre (CGFRC) and is Associate Professor of Accounting. In the last few years, he has held the position of Asia-Pacific Research Director in Watson Wyatt (now Towers Watson), a global consulting firm, and also the position of Head of Research at KPMG Singapore. He holds First Class Honours, Masters and PhD degrees in accounting and finance and is a fellow of CPA Australia.

Prof Mak served as Chairman of SATA CommHealth and was also Deputy Chairman of the National Kidney Foundation, joining the board after the NKF scandal before retiring at the end of 2011. He served as a member of the audit advisory committee of the United Nations Population Fund based in New York between 2006 and 2012, and is currently a member of the audit advisory committee of UN Women, also based in New York.

Prof Mak was a member of the Corporate Governance Committee which released Singapore's first Code of Corporate Governance for listed companies, and was a member of the Council on Corporate Disclosure and Governance (the predecessor of the Accountancy Standards Council) which set accounting standards and revised the Code in Singapore in 2005. He was a member of the Charity Council from its establishment in late 2006 until completing 3 terms in early 2013. Prof Mak chaired the subcommittee that developed and revised the code of governance for charities.

Prof Mak developed the Governance and Transparency Index (GTI) which rates the corporate governance of listed companies in Singapore, published by the Business Times, and was the Singapore expert on a project to develop an ASEAN corporate governance scorecard and ranking, which is driven by the regional securities regulators. He has chaired the investor relations award under the Singapore Corporate Awards organised by Business Times and the Singapore Exchange from its inception in 2006 until 2014. He is also a member of the Charity Governance Awards judging panel and the advisor to the Charity Council on the development of Charity Transparency Framework. He is also advisor for a new governance evaluation rating for listed SMEs in Singapore.

His report on improving the implementation of corporate governance practices in Singapore, commissioned by the Monetary Authority of Singapore and Singapore Exchange, was published in June 2007. He recently led a project on gender diversity in boards and senior management of Singapore companies and statutory boards, commissioned by the government, and made a number of recommendations to the Diversity Task Force. His book "From Conformance to Performance: Best Corporate Governance Practices for Asian Companies" was published by McGraw-Hill in 2005. He has published a primer on governance for social enterprises in Singapore commissioned by the Social Enterprise Association, and edits an annual collection of corporate governance case studies published by CPA Australia. In 2014, he was given the Corporate Governance Excellence

Award by the Securities Investors Association (Singapore) [SIAS] for his contributions to corporate governance, and is only the second individual in the 15-year history of SIAS to receive the award.

Dr Luo Shuqing

Dr. Luo, Shuqing is an assistant professor in the department of accounting at NUS business school. She joined NUS in 2010 after obtaining her Ph.D. in Business Administration from University of Pittsburgh. Dr. Luo has board interests in capital market research and her recent research focuses on corporate disclosure and reporting practices, and how corporate governance and industrial organization affect corporate disclosure practices and the usefulness of accounting information in the capital markets. Her research work has been published in top accounting journals including *Journal of Accounting and Economics* and *The Accounting Review*, as well as top management journal including *Academy of Management Journal*, and *Strategic Management Journal*. Dr. Luo is the recipient of the best paper award in the midyear conference meeting for the auditing section of American Accounting Association in 2012, the recipient for the Glen McLaughlin Prize for research in accounting ethics in 2009.

DETAILED LECTURE AND TUTORIAL SCHEDULE

Class	Week beginning	Lecture/Tutorial	Lecturer	Topics
1	10 Aug	Lecture	MYT	Lecture topic: Introduction and overview
2	17 Aug	Lecture	LSQ	Lecture topic: Shareholders and market for corporate control
3	24 Aug	Lecture/ Case presentations	LSQ	Case presentations Lecture topic: Shareholders and market for corporate control
4	31 Aug	Lecture/ Case presentations	MYT	Case presentations Corporate governance regulatory approaches, regulatory framework, rules and enforcement
5	7 Sep	Lecture/ Case presentations	MYT	Case presentations Corporate governance regulatory approaches, regulatory framework, rules and enforcement
6	14 Sep	Lecture/ Case presentations	MYT	Case presentations Lecture topic: Corporate governance of foreign issuers, REITs and business trusts
Recess Week – 19 Sep – 27 Sep				
7	28 Sep	Lecture	MYT	Lecture topic: Board of directors
8	5 Oct	Lecture	MYT	Case presentations Lecture topic: Board of directors
9	12 Oct	Lecture	LSQ	Case presentations Lecture topic: Executive and director remuneration
10	12 Oct	Seminar/Panel Discussion (external speakers) (This will be an evening session involving external speakers for all 3 sections. It is tentatively scheduled for Thursday, 15 Oct, from 6-9 pm. It will replace classes on the week beginning 2 Nov)	MYT and guest speaker(s)	Topic: Ethics, bribery and corruption

11	19 Oct	Lecture/ Case presentations	LSQ	Case presentations Lecture topic: Executive and director remuneration
12	26 Oct	Lecture/ Case presentations	LSQ	Case presentations Lecture topic: Governance ratings and other governance issues
13	2 Nov	No classes – replaced by evening session in week beginning 12 Oct	-	-
14	9 Nov	No classes – e-learning (TBC)	MYT/LSQ	E-learning topic: Board gender diversity