

Subject Code	AF5521
Subject Title	Contemporary Issues in Corporate Governance
Credit Value	3
Level	5
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	This subject aims to instill students with the latest and most controversial aspects of corporate governance since corporate governance is a rapidly evolving area as a result of changes in regulation and economic conditions. It contributes to the achievement of the MCG Programme Outcomes by enabling students to <u>comprehend and analyse research findings on corporate governance system</u> (Outcome 7) and <u>explain and interpret the advanced corporate governance theories and current issues in the corporate governance system</u> (Outcome 7).
Subject Learning Outcomes	On successfully completing this subject, students will be able to: <ul style="list-style-type: none"> (a) <u>interpret advanced aspects of corporate governance theory;</u> (b) <u>identify the controversial aspects of corporate governance system, including business ethics issues; and</u> (c) <u>analyse the latest research findings on corporate governance system.</u>
Subject Synopsis/ Indicative Syllabus	In order to effectively achieve the three subject learning outcomes, the course is flexible in terms of contents. Both advanced theories of corporate governance and relevant corporate governance research issues will be studied. Topics for presentation in lectures and discussion in seminars will be selected by lecturers with reference to topics of contemporary significance every year. These may include comparative perspectives of contemporary corporate governance issues, matters of public debate or controversy, and theoretical or empirical studies.
Teaching/Learning Methodology	This subject is a readings course designed to provide students with up-to-date knowledge of the major issues in corporate governance. The subject is also designed to assist students in developing their critical thinking and sharpening their analytical skills. Before each classroom session, students will read two to three research papers and prepare themselves (via outlines, notes, etc.) for subsequent classroom discussions related to the main issues contained in the readings. Students will be encouraged to discuss the application and implications of business ethics in each of the readings. In addition to analyzing each set of weekly readings, students will be required to integrate their knowledge of corporate governance across the various topics. Seminars are for case studies, presentation and discussion. Students are expected to play an active role in seminars and are required to present

real-life cases, share working experience and apply subject knowledge to the discussion.

Assessment Methods in Alignment with Subject Learning Outcomes

Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
		a	b	c			
Seminar Class Presentation	20%	√	√	√			
Facilitating Discussion	5%	√	√	√			
Project	25%	√	√	√			
Final Examination	50%	√	√	√			
Total	100%						

Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:

Seminar Class Presentation – Students will be assigned to group of 5 persons and allocated an issue or question to present. These questions are related to the materials presented in the relevant lectures and require collective work in preparing appropriate materials. Final product will be a PowerPoint presentation which is limited to 15 slides. Each group shall nominate a representative or more than one person, for presentation purpose.

Facilitating Discussion – Tutors will allocate questions and selected groups are to prepare seminar questions handout. The delivery and content of the presentation in class will account for 20% of the total marks with 5% being awarded specifically for students’ ability to provoke and lead a discussion of the topic by the non-presenting members of the seminar class.

Project – Each student individually will write an analytical report examining and analyzing a corporate governance topic. This can either be one that is relevant to the organization that student works for or one that is currently topical in Hong Kong, China or overseas. The report must refer to appropriate academic theory relevant to the topic, apply and assess the importance of the theoretical perspective in the light of the issue discussed in the report and consider relevant academic literature

Final Examination – The examination shall be a 3-hour closed-book examination.

Note: To pass this subject, students are required to obtain Grade D or above in BOTH the Continuous Assessment and Examination components. In addition, the specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.

Student Study

Class contact:

Effort Required	▪ Mass Lecture	21 Hrs.
	▪ Tutorial sessions/Presentations	21 Hrs.
	Other student study effort:	
	▪ Reading academic papers	70 Hrs.
	▪ Writing an individual project	70 Hrs.
	Total student study effort	182 Hrs.
Reading List and References	<p>Craig Doidge, G. Andrew Karolyi and Rene M. Stulz, <i>“Why do countries matter so much for corporate governance?”</i>, Journal of Financial Economics, 2007.</p> <p>Ellen Engel, Rachel M. Hayes and Xue Wang, <i>“The Sarbanes-Oxley Act and firms’ going-private decisions”</i>, Journal of Accounting and Economics, 2006.</p> <p>Hermalin, Benjamin E., <i>“Trends in Corporate Governance”</i>, Journal of Finance, 2005, Vol. 60 Issue 5, p2351-2384, 34p.</p> <p>Dahya, J. and J.J. McConnell, <i>“Outside directors and corporate board decisions”</i>, Journal of Corporate Finance”, Issue 11, pp. 37-60, 2005.</p> <p>Joseph P. H. Fan and T.J. Wong, <i>“Do External Auditors Perform a Corporate Governance Role in Emerging Markets? Evidence from East Asia”</i>, Journal of Accounting Research, Volume 43.1, pp. 36-72, 2005.</p> <p>Raheja, Charu, <i>“Determinants of board size and composition. A theory of corporate boards”</i>, Journal of Financial and Quantitative Analysis, Volume 40, 283-306, 2005.</p> <p>Bedard, J., S.M. Chtorrou, and L. Courteau, <i>“The effect of audit committee expertise, independence and activity on aggressive earnings management”</i>, Auditing: A Journal of Practice & Theory, Volume 23(2): pp.13-35, 2004.</p> <p>William B. Kinney, Zoe-Vonna Palmrose, Suzan Scholz, <i>“Auditor Independence, Non-audit services, and Restatements. Was the US Government right?”</i>, Journal of Accounting Research, Vol. 42. 3, p.61, 2004.</p> <p>Francis, Jere R., Inder K. Khurana and Raynolde Pereira, <i>“The Role of Accounting and Auditing in Corporate Governance and the Development of Financial Markets Around the World”</i>, Asia-Pacific Journal of Accounting and Economics, Volume 10, No. 1, pp. 1-30, June 2003.</p> <p>Leuz, Christian, Dhananjay Nanda and Peter D. Wysocki, <i>“Earnings Management and Investor Protection: An International Comparison”</i>, Journal of Financial Economics, 69, pp. 505-527, 2003.</p> <p>Hutchinson, Marion and Ferdinand A. Gul, <i>“Investment Opportunity Set, Corporate Governance Practices and Firm Performance”</i>, Journal of Corporate Finance, 182, pp. 1-20, 2003.</p> <p>Perel, Mel, <i>“An Ethical Perspective on CEO Compensation,”</i> Journal of</p>	

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Murphy, Kevin J., "Corporate Performance and Managerial Remuneration", *Journal of Accounting and Economics*, 7, 11-42, North-Holland, 1985.

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Joseph Heath, Business Ethics without Stakeholders, *Business Ethics Quarterly*, Vol.16, Issue 3 pp.533-557.

Po Keung Ip, Is Confucianism Good for Business Ethics in China? *Journal of Business Ethics* 88:463-476, 2009.

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Books

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Huang Y., *Capitalism with Chinese Characteristics: Entrepreneurship and The State*, latest edition, Cambridge University Press.

Brockett, A. and Z. Rezaee *Corporate Sustainability*, John Wiley & Sons, Inc.

Report

Kirkpatrick, G., 'The Corporate Governance Lessons from the Financial Crisis', OECD, 2009.