

**THE OPEN UNIVERSITY OF TANZANIA, (OUT)
FACULTY OF BUSINESS MANAGEMENT**

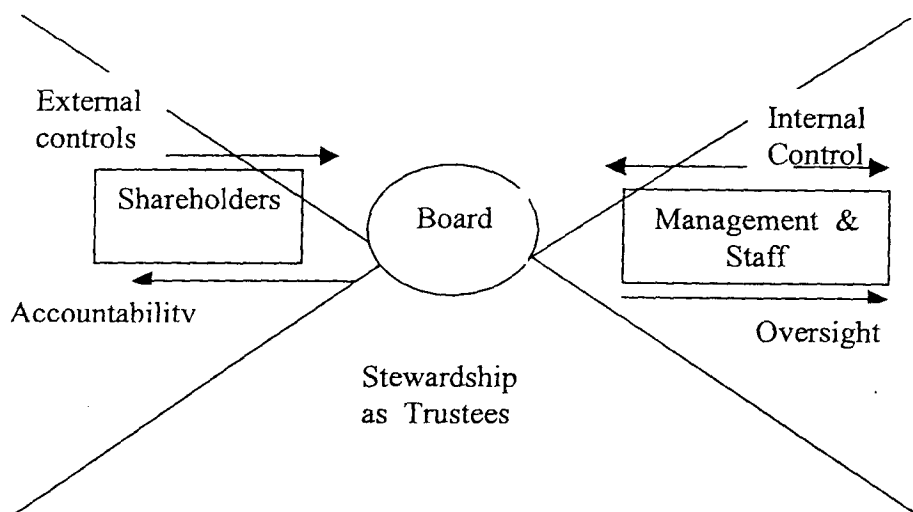
**MASTER OF BUSINESS ADMINISTRATION (MBA)
OGL 602:CORPORATE GOVERNANCE**

COURSE OUTLINE

1.0 INTRODUCTION

- 1.1 Governance is as old as organisation of societies into communities of common interest with respect to the need for an authoritative force, which would guide, control and direct their common interests along side their individual interests¹. Good Corporate Governance is a subset of Good Governance, and focuses on *Corporate Citizens* of the country in particular, and the world at large.
- 1.2 More than half the largest economies of the world have been said to be corporations, and this suggests the gravity with which we should approach the challenges of Corporate Governance². Indeed international investors are looking for higher standards of accountability from companies in which they invest. Research has shown that good corporate governance affects investors' attitude to the pricing of capital³.
- 1.3 The corporate body is owned by the shareholders who entrust the management of it to the Board of Directors. Andrew Chambers⁴ draws the corporate forces in play thus:

Chambers summarises the **Corporate Governance Axis** as follows:



- 1.4 The practical issues that arise on the above axis involve the understanding of governance and accountability forces that interact between the shareholders drilling down to the management and the customers of the corporate body.

¹ Shio, Leonard J., Professor, In search for a people centred government in Tanzania: Mwalimu Nyerere's contribution, Kiongozi Journal of Management Development, vol. 13(2), 139-154 [2001], Mzumbe University

² Mndolwa E.B., Dr., Corporate Governance of Tanzanian Financial Institutions, Analysis of the Performance of Privatised Banks in Tanzania, The case of The national Bank of Commerce, NBC Ltd, unpublished Dissertation, 28th January [2004]

³ Reporting Progress: Good Practices for Meeting Market Expectations: PricewaterhouseCoopers: Nov [1999]

⁴ Chambers, Andrew, Tolley's Corporate Governance Hand Book, published by Elsevier(UK) [2002]

1.5 Good Corporate Governance is needed in corporate bodies to facilitate equity and fairness to all stakeholders, promote and propel the objectives for which the corporate body was formed, and ensure profitability and sustainability of the corporate body's existence. Many corporate bodies have failed in the world for poor corporate governance. Thus it has been proven by history that bad governance ends the corporate body in the "gallows of the liquidator". Consequently managers must be equipped with knowledge of good corporate governance, to enable them to manage their corporate bodies well.

1.6 The Aim of the Course

The aim of this course is to make the business student aware of the existence of corporate governance as a major factor, and input into corporate success, give him the knowledge of best practices of corporate governance, and equip him with skills to implement good corporate governance structures in corporate bodies to enable corporate bodies to achieve their objectives

1.7 Key Learning objectives:

Upon completion of this course, you should be able to:

- ✓ Know the historical back ground of modern corporate governance
- ✓ Understand the concepts underlying the corporate governance committees' reports from the late 1980s to date
- ✓ Know what works best in practice
- ✓ Identify and solve corporate governance problems in corporate bodies
- ✓ Set up corporate governance structures in corporate bodies

2.0 COURSE DESCRIPTION

The course traces the historical background of corporate good governance to the failures of accountability for reconstruction of world bank loans and grants to world war victim countries, Reganism, Thatcherism and Perestroika drilling down to corporate failures of the US, UK Tanzania and else where. It reviews the Cadbury report, and other reports from UK, South Africa and else where in the world capturing the principles and practices established in these reports. Then it reviews best practice as researched by the Institute of Internal auditors Research Foundation. The course will also pick practical actual case studies for review to assist students to visualise and capture real time governance issues surrounding them.

After the course students can be effective managers and or directors back at their work places or of the subsidiaries of their companies.

3.0 COURSE PRE-REQUISITES

A good first degree from a recognised University, a recognised professional qualification or an advanced diploma from a recognised College.

4.0 COURSE CONTENT

The course is divided into four broad areas as follows:

4.1 Historical background to Corporate Governance:

4.1.1 This will be covered by lecture 00 which comprises a number of Committee reports done by committees formed in the Americas and Europe from 1987 to 2003. These committees were formed as a reaction to corporate governance failures in corporate bodies. Students will study the recommendations of these committees.

4.1.2 Under this section discussions will review aspects international corporate failures like BCCI and Enron, and local cases of actual or near failures, like Meridian Biao, Tanzania Housing Bank, Green Land Bank, National Bank of Commerce (NBC), any past Parastatal failure), or any other case study.

4.2 Corporate Governance and the Board, what works best in practice. This will be covered by lectures 01 to 08.

- 4.3 Audit Committee Effectiveness, , What works Best. This will be covered by lectures 09, 10 and 11. These 3 lectures cover the minimum for the syllabus .
- 4.4 Interesting publications which summarise the course, which are a good resource for revision. These will not form specific lectures but will be a good basis for discussion and revision by the students

The course runs for a period of 14 weeks, each week 3 hours, making a total of 42 contact hours. The break down of the contact hours is as follows:

Classroom work 12 weeks of 3 hours each making 36 contact hours.

The examination takes two weeks: Week one, revision 3 hours

Week two Final examination, 3 hours

Students are encouraged to get the recommended reading material from any source including the internet and “amazon.com” from which books can be ordered on line, to supplement the course material produced by the University. The homework and examinations will focus on students’ own organisations. Demonstrable evidence of the application of the principles learned in the study material through the home work and term papers will contribute greatly to the success of students.

5.0 COURSE ASSESSMENT

5.1 The course will be assessed by four components, namely one timed test, one or two case studies, a term paper, and a final examination

5.2 Weighting of the Course assessment

5.2.1 The following weighting will be followed

5.2.1.1	Timed test	15%
5.2.1.2	Case study+Homework	10%
5.2.1.3	Term paper	25%
5.2.1.4	Annual examination	50%

The pass mark will be 50%

6.0 COURSE MATERIALS

6.1 Basic Text:

6.1.1 Course materials prepared by OUT

6.1.2 Corporate Governance and the Board, What works best: by PricewaterhouseCoopers, Sponsored by The Institute of Internal Auditors Research Foundation

6.1.3 Audit Committee Effectiveness, What works best: by PricewaterhouseCoopers, Sponsored by The Institute of Internal Auditors Research Foundation

6.1.4 Sir Adrian Cadbury Report, Greenbury Report, Hampel Report, Kings Report, Higgs Report, Sir Robert Smith Report, The Combined Code, July 2003

6.2 Other recommended:

6.2.1 Books

6.2.1.1 Harvard Business Review on Corporate Governance: A Harvard Business School Press

6.2.1.2 Corporate Governance Handbook, by Andrew Chambers, Tolley: Reed Elsevier (UK) Ltd.[2002]

6.2.1.3 Reporting Progress: Good practices for meeting market expectations, by PricewaterhouseCoopers

6.2.2 Journals Articles and other Periodicals :

6.2.2.1 The Accountant, NBAA

6.2.2.2 Accounting and Business, ACCA

6.2.2.3 Journal of Finance

6.2.2.4 Business Management Review

6.2.2.5 Journal of Management Development, "UONGOZI", Mzumbe University

REFERENCES

1. Andrew Chambers, Tolley's: Corporate Governance Handbook, Reed Elsevier (UK) Ltd.[2002]
2. Mndolwa E.B., Dr., Corporate Governance of Tanzanian Financial Institutions, Analysis of the Performance of Privatised Banks in Tanzania, The case of The national Bank of Commerce, NBC Ltd, unpublished Dissertation, 28th January [2004]
3. PricewaterhouseCoopers:Nov; Reporting Progress: Good Practices for Meeting Market Expectations [1999]
4. Shio, Leonard J., Professor, In Search for a People Centred Government in Tanzania: Mwalimu Nyerere's contribution, Kiongozi Journal of Management Development vol.13(2)139-154[2001]
5. Steinberg, Richard M., Corporate Governance and the Board, What works best PricewaterhouseCoopers [2000]: Sponsored by The Institute of Internal Auditors Research Foundation
6. Corporate Governance and the Audit Committee - What works best. PwC [2000]
7. The Financial Risk Manual by John Holliwell Prentice Hall 1998.

Dear Corporate Governance Students

This section replaces Section 5.0 of the Course Outline. The section was designed to be used by Evening Programme Students. Since you are learning at a distance, a mode within which you are separated from both your fellow students and instructors, it has been necessary to amend this section to fit your situation. Thus, your course assessment will be as follows:

One Term paper assignment	30%
One Timed Test	20%
Annual Examination	50%
Total	100%

The Pass mark shall remain 50%. No one shall pass based on either coursework or final examination alone.

The material referred to under section 6.1.1 on page 3 is available in two volumes, at a recovery cost of Tshs 36,000/=.

You can order your copies by depositing the amount into our Account;
No. **01J1013375900**, Name: OUT-FACULTY OF BUSINESS MANAGEMENT, CRDB
Kijitonyama Branch.

Then you must send the original pay-in slip to the Faculty at the following address.

*Faculty of Business Management
The Open University of Tanzania
P.O.Box 34705
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You may also notify us by **sms** (to 0744 609 596) or a phone call (can also use 022 266 6376 direct line) to notify us of the deposit so that we can start working on your order pending confirmation of the deposit.

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