

Course Syllabus
CORPORATE GOVERNANCE

A. General Information

1. Academic Unit	SCHOOL OF BUSINESS			
2. Degree	MULTIPLE			
3. Code				
4. Number of classes per week	2			
5. Location in Curriculum	5th year, 2nd semester			
6. Credits	10			
7. Classes by Professor	Theory	2	Practice	
8. Classes by Teaching Assistant	None			
9. Course Type	Mandatory		Elective	Optional X
10. Prerequisite	None			

B. Contribution to the Graduate's Profile

Provide a general description of the course and how it contributes to the graduate's profile. Discuss the formation of which the course is a part and the education and generic skills that will be acquired.

The course is intended to give students an understanding of the role and relevance of corporate governance for businesses and the economy. It will give them the opportunity to contrast and evaluate alternative corporate governance regimes, considering both their strengths and weaknesses.

The course aims to provide a comprehensive coverage of the main issues in corporate governance, both at a national and international level. The module will give students the opportunity to reflect about the way in which businesses make decisions and how different stakeholders interact while doing so. Contents will consider theoretical and empirical findings in the area. Students will develop a critical point of view about corporate governance agenda. The course will consider, as well, strategic implications for companies in assuming a specific regime. The first part of the course will be focus on managerial concepts such as agency cost, moral hazard and incentives for executives. Then some considerations about business organization and internal leaderships will be presented. Core contents will be related with corporate governance perspectives and systems, relationship between ownership and control, the role of the board and regulation. By the end of the module, students should be able to demonstrate an awareness and understanding of the main themes, perspectives and issues in the area of corporate governance.

This course contributes to the graduate's profile because it promotes the acquisition of specific knowledge about internal organization of companies, as well as the generic skill of "Critical Analysis".

C. General Learning Objective of the Course

Define the general learning objective or objectives of the course.

- **Learning Objective:** Understand the interaction among different corporate governance practices and its implications for companies. Be able to consider pros and cons of different alternatives and to suggest best practices for companies in dissimilar scenarios.

D. Units, Unit Content and Learning Objectives

The learning objectives included are based on the generic skills of the University and the particular contents of the course.

Unit Content/Units	Learning Objectives
<p>Indicate each of the units and the contents of each that will be addressed in the course.</p>	<p>A description of what the student can do (and does) with what he/she “knows.” The learning objectives are included by unit and not necessarily by content.</p> <p>Note: Be sure that the generic skills described for the degree are included in the learning objectives.</p>

Content of Units/Units	Learning Objective
<p>Unit I: Agency costs and Moral Hazard</p> <ol style="list-style-type: none"> 1. Concepts of Agency costs and Moral Hazard 2. Minimization of agency costs and risk 3. Executive incentives 4. Implications for corporate governance 5. Theory and case studies 	<p>Understand the concepts and relationships between agency costs and moral hazard. Be able to relate both concepts with schemes of executive incentives.</p>
<p>Unit II: Internal organization of the firm</p> <ol style="list-style-type: none"> 1. Alternatives for firm structure 2. Minimization of agency costs 3. Organizational structure 4. 7 S model 5. Leadership 	<p>Develop a critical view about how companies are structured and the relevance of leaders.</p>

<p><i>Unit III: Corporate Governance Perspectives</i></p> <ol style="list-style-type: none"> 1. <i>Corporate Governance systems and mechanisms.</i> 2. <i>Law and finance literature</i> 3. <i>Corporate control & ownership across the world.</i> 4. <i>Shareholder power and market for corporate control.</i> 	<p><i>Create awareness about different Corporate Governance systems and the influence of shareholders.</i></p>
<p><i>Unit VI: The Board of directors</i></p> <ol style="list-style-type: none"> 1. <i>Role of the board</i> 2. <i>Executives and non executives</i> 3. <i>Independence and diversity</i> 4. <i>Regulation: national and international experience.</i> 	<p><i>Develop a deep understanding about the role of the board, how directors interact and how governments regulate this role.</i></p>
<p><i>Unit V: Review and best practices</i></p> <ol style="list-style-type: none"> 1. <i>Ratings and facts</i> 2. <i>Summary of the course</i> 	<p><i>Be able of understand the relationship among the contents of the module.</i></p>

E. Teaching Strategies

List and briefly describe the strategies chosen to ensure that students attain the learning objectives and the generic skills that are expected.

The teaching method will include slide presentations and encourage participation in class. Students will analyze national and international cases where the conceptual knowledge acquired can be applied.

The course is structured around different methodologies that include:

1. *Lectures, supported by programs such as PowerPoint, Prezi, etc*
2. *Group work and debates among students; interaction and role-playing among them during the lectures.*
3. *Two in-class seminars, with discussion of academic and journal articles.*

F. Evaluation

List and briefly describe the procedures that will be used to evaluate whether the learning objectives have been attained.

There will be 6 cumulative quizzes during the semester, each one awarding between zero and one point. The total sum of them, plus one base point will represent 30% of the course grade before the final exam.

One group presentation about Corporate Governance issues in a specific company will represent 20% of the course grade.

The remaining 50% of the course grade will be represented by the final exam.

Attendance Requirement: *Students must attend 80% of theoretical classes.*

G. Class Resources

Reading: Texts, newspapers, articles and notes supporting the main subjects in the course. A basic and supplemental bibliography may be provided.

Internet: Web sites.

Other resources.

Important:

- 1. It is suggested that the UDD Library be consulted about the reading material for the course to ensure that it is available at the respective campus.**
- 2. It is essential for each degree program to set down rules on how references and citations are to be made (APA, Vancouver, MLA, etc.).**

MANDATORY READING:

1. CORPORATE GOVERNANCE MATTERS; David Larcker & Brian Tayan, Pearson Education, New Jersey, 2011.
2. INTERNATIONAL CORPORATE GOVERNANCE; Marc Goergen, Pearson Education, Essex, 2012.

SUPPLEMENTAL READING:

1. WHAT IS CORPORATE GOVERNANCE?; John Colley, Jacqueline Doyle, George Logan & Wallace Stettinius, McGraw-Hill, New York, 2005.
2. CORPORATE GOVERNANCE; LUIGI ZINGALES, in Peter Newman (ed.), *The New Palgrave Dictionary of Economics and the Law*, 1998, Palgrave Macmillan, Basingstoke. Available at <http://faculty.chicagobooth.edu/luigi.zingales/papers/research/gov.pdf>.

Additional reading may be asked for each session including the following:

Hart, Oliver 1995, 'Corporate Governance: Some Theory and Implications', *Economic Journal*, 105, May, pp. 678-689

Benabou, R., Tirole, J. 2009, 'Individual and Corporate Social Responsibility', *Economica*, 77, 1-19.

La Porta, Rafael, Florencio Lopez-de-Silanes & Andrei Shleifer 1999, 'Corporate Ownership Around the World', *Journal of Finance*, 54, 471-518

Waterman, R.H., Peters, T. & Phillips, J.R. (1980) 'Structure is not organization' *Business Horizons*, June, 14-25.

Kaplan, S.N., 2013. 'CEO Pay and Corporate Governance in the U.S.: Perceptions, Facts, and Challenges', *Journal of Applied Corporate Finance*, 25, 8-25.

Polman, P. (2012) 'Captain Planet', *Harvard Business Review*, June, 112-118.

Porter, M.E. & Kramer, M.R. (2006) *Strategy & Society: The Link between competitive advantage and Corporate Social Responsibility*, *Harvard Business Review*, Vol. 84 Issue 12, 78-92

Gompers, Paul A. and Ishii, Joy L. and Metrick, Andrew, 2003, 'Corporate Governance and Equity Prices', *Quarterly Journal of Economics*, Vol. 118, No. 1, pp. 107-155, Available at SSRN: <http://ssrn.com/abstract=278920> or <http://dx.doi.org/10.2139/ssrn.278920>

Bebchuk, Lucian A. and Cohen, Alma and Ferrell, Allen, 2009, 'What Matters in Corporate Governance?', *Review of Financial Studies*, Vol. 22, No. 2, pp. 783-827. Available at SSRN: <http://ssrn.com/abstract=593423> or <http://dx.doi.org/10.2139/ssrn.593423>