



# Advanced international corporate governance

## EM3E5M52

Program	UE	Semester	Discipline	Contact hours	Number of spots	ECTS	Open to visitors	Language
<b>PGE</b> PGE 3A -Finance (FIN)	Seminars in Finance	B	Finance	<b>18 H</b>	45	3	Yes	

Coordinator
Enrico Prinz 

## List of lecturers

Lecturer(s)	Email	Contact hours - lecture
<b>Enrico PRINZ</b>	<a href="mailto:enrico.prinz@em-strasbourg.eu">enrico.prinz@em-strasbourg.eu</a>	<b>18 h</b>

### Pedagogical contribution of the course to the program

Développer un management à impact grâce aux connaissances et aux outils les plus récents dans les domaines du management
Developing a strategic and managerial vision in a complex, uncertain and changing environment
Evaluate sustainable managerial practices using managerial concepts and instruments as well as digital tools
Design solutions adapted to organizational problems by applying relevant methodologies
Développer des compétences managériales de niveau avancé se traduisant par un leadership responsable
Co-build a managerial and organizational culture through collaborations and team projects
Effectively argue his ideas orally and in writing with a professional posture
Adopt a responsible leadership posture by being an actor in its own development and that of its teams
Mettre en place un management responsable par des pratiques reflétant les valeurs d'éthique, de diversité et de développement durable
Critically assess issues related to diversity, ethics and sustainability in the context of their professional practice
Co-creating responsible management in one's professional practice
Pratiquer un management à impact dans un environnement multiculturel et international, porté par un "European mindset"
Communicate in a professional context in (foreign) languages, in writing and/or orally
Formulate solutions to organizational challenges in a multicultural and international context, driven by a "European mindset"

### Description

The lecture aims to offer students an overview about the growing importance of corporate governance as a major tool of sustainable management and to familiarize them with its most common mechanisms. Participants will get into the shareholder value perspective, discuss its assumptions and discover major monitoring and incentive tools by putting a special focus on the financial aspects of existing governance instruments. To bridge the gap between theory and practice, students will deal with current financial and governance documentation of European blue chips (composition of boards and subcommittees, managerial and board director compensation, value creation measurement, pay for performance analysis of given samples). The interactive organization of the lecture allows to quickly acquire the skills and techniques needed for analyzing the efficiency of governance mechanisms and judging about the effectiveness of institutional and legal tools under a shareholder value oriented angle.

### Teaching methods

#### Face-to-face

- Lectures

#### In group

- Exercises  
- Case studies/texts

#### Interaction

- Discussions/debates

#### Others

**No items in this list have been checked.**

### Learning objectives

#### Cognitive domain

Upon completion of this course, students should be able to

- (level 4) **point out** the basic idea of corporate governance and the principal reasons and factors explaining its growing international importance.
- (level 5) **defend** the main hypotheses of the agency approach and particularly the underlying primacy of shareholder value maximization.
- (level 5) **rank** the most common mechanisms of control within the agency approach.
- (level 5) **appraise** various mechanisms of control allowing to increase monitoring efficiency.
- (level 5) **evaluate** the compensation elements of both executive and board directors regarding their incentive and disciplinary effects.
- (level 5) **assess** the most commonly used indicators to quantify a firm's value creation.
- (level 5) **justify** the concept of fair pay and its link to performance.
- (level 6) **create** a pay for performance analysis of a selected CEO.

#### Affective domain

Upon completion of this course, students should be able to

**None affective domain have been associated with this course yet**

### Outline

I General introduction (2h30)

1. History of corporate governance
2. Underlying objectives and definitions
3. Corporate governance in a globalized world

II Agency theory in detail (7h)

1. Principal-agent issues
2. Shareholder value primacy
3. Major mechanisms of control
  - a) Board of directors and sub-committees
  - b) Principles of corporate governance and their evolution over time
  - c) Managerial and board director compensation

III Creating shareholder value (8h)

1. Value creation measurement
2. Combining value creation and compensation or "Pay for or without performance?"
3. Current measurement difficulties and possible solutions or approximations

IV General conclusion (0h30)

### No prerequisite has been provided

#### Knowledge in / Key concepts to master

- Basic knowledge in management, strategy, corporate finance, and economics
- Estimation of cost of equity, cost of debt, and cost of capital

### Teaching material

#### Mandatory tools for the course

- Computer
- Calculator

#### Documents in all formats

**No items in this list have been checked.**

#### Moodle platform

- Upload of class documents
- Coaching/mentoring

#### Software

**No items in this list have been checked.**

#### Additional electronic platforms

**No items in this list have been checked.**

### Recommended reading

#### Main reading material

- KIM, Kenneth A./NOFSINGER, John R./MOHR, Derek J. (2010): Corporate Governance, Pearson Prentice Hall, 3rd ed.
- LARCKER, David/TAYAN, Brian (2021): Corporate Governance Matters: A Closer Look at Organizational Choices and their Consequences, FT Press, 3rd ed.
- MALLIN, Christine A. (2013): Corporate Governance, Oxford University Press, Oxford, 4th ed.

#### Additional literature

- CLARKE, Thomas (2014): International Corporate Governance – A Comparative Approach, Routledge, 2nd ed.
- GOERGEN, Marc (2012): International Corporate Governance, Pearson.
- THOMSON, Steen/CONYON, Martin (2012): Corporate Governance: Mechanisms and Systems, McGraw Hill.
- TRICKER, Bob (2015): Corporate Governance – Principles, Policies and Practices, Oxford University Press, 3rd edition.

#### EM Research: Be sure to mobilize at least one resource

Textbooks, case studies, translated material, etc. can be entered

- BRULLEBAUT, Bénédicte/ALLEMAND, Isabelle/PRINZ, Enrico/THEPOT, Florence (2022): "Social Networks Analysis of Corporate Boards: A Comparison of Board Interlocks in France, Germany and the United Kingdom", in: Review of Managerial Science, 16(6): 1743-1782.
- PRINZ, Enrico (2012): "Der Einfluss von Mehrfachmandatsträgern auf die Unternehmensperformance", in: Zeitschrift für Betriebswirtschaft, 82 (9): 875-911.
- PRINZ, Enrico (2011): "Les effets des liens personnels interconseils sur la performance de l'entreprise : Une analyse comparée entre France et Allemagne", Peter Lang, 694 p.
- PRINZ, Enrico/SCHWALBACH, Joachim (2011): "Zum Stand der Managervergütung in Deutschland und Europa", in: Swiss Journal of Business Research and Practice, 65(S1): 129-152.

### Assessment

#### List of assessment methods

##### Final evaluation

Other (date, pop quiz, etc.) : report to be handed in  
Written (1 Min.) / Group / English / Weight : 50 %

**Details :**  
Case study "CEO Pay for Performance"  
**This evaluation is used to measure ILO1.2-PGE, ILO2.3-PGE, ILO3.1-PGE**

##### Final evaluation

Other (date, pop quiz, etc.) : date to be set  
Oral (45 Min.) / Individual / English / Weight : 50 %

**Details :**  
oral exam organized in a case study group setting with individual questions and case study-related questions  
**This evaluation is used to measure ILO1.1-PGE, ILO2.3-PGE, ILO2.4-PGE, ILO3.1-PGE, ILO4.2-PGE**