

EM3E5M52

Program

PGE
PGE 3A -Finance (FIN)

UE

Seminars in Finance

Semester

B

Discipline

Finance

Contact hours

18 H

Number of spots

45

Open to visitors

Yes

Language



Coordinator

Enrico Prinz



List of lecturers

Lecturer(s)	Email	Contact hours - lecture
Enrico PRINZ	enrico.prinz@em-strasbourg.eu	18 h

Pedagogical contribution of the course to the program

LEARNING GOAL 1 : Students will master state-of-the-art knowledge and tools in management fields in general, as well as in areas specific to the specialized field of management.

Students will identify a business organization's operational and managerial challenges in a complex and evolving environment.

Students will understand state-of-the-art management concepts and tools and use them appropriately.

Students will implement appropriate methodologies to develop appropriate solutions for business issues.

LEARNING GOAL 2 : Students will develop advanced-level managerial skills.

Students will work collaboratively in a team.

Students will participate in a decision-making process in a critical way.

Students will communicate ideas effectively, both orally and in writing, in a business context.

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 1) **Present** the basic idea of corporate governance and the principal reasons and factors explaining its growing international importance.
 - - (level 2) **Explain** the core elements of the agency approach and justify the underlying primacy of shareholder value maximization.
 - - (level 2) **Classify** the most common mechanisms of control within the agency approach.
 - - (level 3) **Illustrate** various mechanisms of control allowing to increase monitoring efficiency.
 - - (level 4) **Break down** the compensation elements of both executive and board directors and analyze its incentive and disciplinary effects.
 - - (level 5) **Categorize** the most commonly used performance indicators by realizing a comparative performance analysis of a selected group of firms.
 - - (level 5) **Create** a performance-based fair pay-ranking for the CEO of selected firms.
 - - (level 6) **Evaluate** for the former CEO of a selected firm the compensation received during his entire executive tenure and compare it to the shareholder value created during this period.
-

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 (2h)

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

II Agency theory in detail (5h)

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 (7h30)

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 Case study presentations (3h)

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 : 100 %

Details : Case study "CEO Pay for Performance"

This evaluation is used to measure LO1.1, LO1.2, LO1.3, LO2.2, LO2.3