

Curricular Unit Corporate Governance

Master in L&M 1E 2021/2022

Lecturer	Maria João Coelho Guedes
E-mail	mjguedes@iseg.ulisboa.pt
Office Hours	Tuesdays, 11:30

Introduction

Corporate governance has attracted the attention of policymakers, scholars and practitioners in the last decades. Understanding the ways companies are managed and directed is pivotal to assessing the performance of companies and how to create value for the stakeholders.

Goals

This course provides theoretical and empirical evidence that helps students to understand the complexity of a firm, the intricacies and dynamics of the board of directors and how the board can add value to the firm through sustainable management and by effectively managing for all the stakeholders.

The course offers a discussion on how companies can better work in a sustainable and responsible way that aligns both the interests of shareholders, managers and the public.

Methods

The classes have three main learning processes:

1. Presentation of the topics

Presentation of the theory and empirical evidence of the topic: from the roots to the state-of-the-art evidence

2. Discussion of the topic

Discussion of the possible mixed conclusions (if any) and what we can expect for future research

Presentation of ideas to discuss in group

3. *Student's individual and group presentations*

Presentation of papers selected by students

Critical discussion of the strengths and weakness of the papers

Discussion about possible improvements on the topic

Suggestions for future research.

Lecturer

Maria João Coelho Guedes

Course Contents

1. What is *Corporate Governance*?

- Objectives
 - Theoretical background (Theory of the firm; Agency Theory; Stakeholders Theory; Other theories)
- Models of corporate governance
- Presentation of some Corporate Governance scandals: What can we learn from the scandals?

2. What are the good practices of “*Corporate Governance*?”

- Internal mechanisms
 - The role of the board
 - Role, responsibility and duties of Executive and Non-executive Directors
 - Separation of powers : CEO vs Chairman
 - The role of diversity
 - The role of remuneration
 - The role of capital structure
 - Dispersion vs concentration of ownership
 - Special types of shareholders: Families, State, Employees
 - The role of institutional investors

- External mechanisms
 - Corporate Governance Codes
 - In Portugal
 - The codes around the world
 - Takeovers

3. Does Corporate Governance matter?

- Empirical evidence on performance
- Empirical evidence on earnings management
- Empirical evidence in other domains (e.g. innovation)

4. What is the future for corporate governance?

- The search of a new theoretical foundations
- What new avenues of research can be out there?

Assessment

The evaluation assessment has 5 components:

- **Paper presentation 1 + Essay (30% final grade).**
- **Essay presentation 2 + Essay (30% of final grade).**
- **Discussion in class Paper 1 (15% of final grade).**
- **Discussion in class Essay presentation (15% of final grade).**
- **Discussion of all topics: 10% of final grade**

For the re-seat exam: **Final Exam** (100% of final grade).

References

Besides the suggested articles per topic, I suggest the following handbooks:

Corporate Governance and Accountability, Jill Solomon, Wiley

Manual of Corporate Governance: Theory and Practice for Scholars, Executive and Non-Executive

Directors, Duarte Pitta Ferraz and Manish Adhikari, Ivens Governance Advisors