Corporate Governance, Power, and Control. Undergraduate Course
Department of Labor and Employment Relations
37: 575-376:01
also offered as: Human Resource Management: Corporate Governance,
37:533:376:01

Professor Joseph R. Blasi Fall 2013
Classroom: LRB 111A, Livingston Campus Wednesday
Voice: 732-445-5444 8:40 a.m.-11:40 a.m.
FAX: 732-445-2839
Secretary: Beth Schriefer, Email: bschriefer@smlr.rutgers.edu Phone: 848-445-4722

Email: blasi@rci.rutgers.edu or jrbru@hotmail.com
Office Hours: Wednesday at 8:15 a.m. before class and 11:40 a.m. pm after class outside of LRB 111A, Livingston Campus or Room 200C, Janice B. Levin Building, Livingston Campus
by appointments made by email or with my secretary

Text:


The top research articles and working papers by major experts in corporate governance will be available. Each student will present a brief powerpoint presentation on one of these articles during the course to their class team.

The Wall Street Journal and The New York Times (for current corporate governance articles)

Note: Student subscription forms for the term will be available at the first class. This is recommended but not required. You will be referred to pertinent articles on the web sites of the publications.)

Course Description:

This is an introductory survey course that explores the relationship between corporate governance and the economic, social, and political impact of corporations. Topics include: history of the corporation and citizen and employee stock ownership, boards of directors, minorities and women on corporate boards, principal-agent/stakeholder theories, role of management and executive compensation, broad-based profit sharing, employee
ownership, stock options, shareholder rights and activism, takeovers and mergers, labor issues and the role of pension funds, international corporate governance, the relationship between governance, corporate performance and financial collapses, the role of public stock markets, government oversight and the U.S. Securities and Exchange Commission (SEC), social and environmental sustainability and corporate social responsibility, and debates about public policy and government regulation of the corporation. Discusses implications for human resource management and labor and employment relations.

Skills: Students will become conversant with the major issues of the modern corporation and the major social science questions raised about the corporation in terms of governance and its role in society and the important research questions and sources of evidence on corporate behavior. Students will learn how to use the U.S. Securities and Exchange Commission web site in order to understand the principal information in Annual Reports and Corporate Proxy Statements filed before the SEC. Students will become familiar with several corporations, their stories and issues, along with the principal institutions in corporate governance in the United States: regulatory bodies, stock exchanges, associations of corporations, shareholder rights groups, corporate governance standards groups, corporate social responsibility institutions, and the principal research centers on corporate governance in the U.S. Students will develop a general understanding of the differences between the corporate governance systems of several nations and geographic areas worldwide (for example, Asia, Europe, and Africa). Students will hear brief reports from fellow students on many of the leading research articles on corporate governance. Students will be presented with a number of possible careers in management, labor relations, law, academia, public service, media, and non-profit research related to the field of corporate governance.

Approach: There will be a lecture at each class and then a discussion of a series of cases with some small group discussions and breakouts. Students will receive a copy of a Powerpoint providing a general overview of the lecture on Sakai before the class so that you can use it as a basis for taking notes. Please print it out and bring it to class. Additional copies will also be available from the instructor. Each student should submit one question and one comment on one sheet of paper to the teaching assistants before each class. This is part of your participation grade.

Attendance:

Participation in the lectures and class meetings is critical to the class. Attendance will be taken in class and those not participating will lose points on the participation score. Materials will be presented in class that are not covered in the book and they will make up a significant part of the examinations. All materials will be available on Sakai. The professor’s books will be available at no cost to students in PDF form. A student missing more than 3 classes will not receive credit for this course.

Examinations:

There will be three examinations as noted on the course schedule. Each exam will cover approximately one-third of the course material. Make-up policy: An examination grade of
“0” will be assigned to any student who is absent without a legitimate excuse on the day of the regularly scheduled exam. Legitimate excuses include illness (verified only by a note from a doctor or area Dean), inclement weather (only when the Rutgers Information Service (732-932-INFO) indicates that Rutgers is closed or when the instructor emails the class announcing class is suspended) or other dire circumstances such as a family emergency. One make-up exam will be held when all students needing to take a make-up exam can be present.

Grading:

Grades will consist of the following components of 100% of the grade: Examination 1 – 24%; Examination 2 – 20%; Examination 3 – 25%; Participation – 26%

Points can be deducted for not being present in order to participate in the class and for egregious classroom conduct (as described below). One class absence reduces your participation score by 2.5 points. Each exam will receive a score of 0 to 100 points. A = 91% and above; B+ = 85%-90%; B = 80%-84%; C+ = 75%-79%; C = 70%-74%; D= 65%-69%; F = less than 65%. Students will present one two-page written report dealing with a serious research article on corporate governance for 5% of their grade to their team. Honors students will have the option of doing a final paper in lieu of the final exam.

Classroom Conduct:

It is important for a serious learning experience to have a quiet and respectful environment in the classroom. The following will not be permitted in class:

a. cell phones, pagers, and text messaging devices which should be turned off and put away and out of sight; b. computers should be turned off and put away; c. napping; d. chit-chatting; e. reading the newspaper; f. studying for or doing homework for other courses; g. arriving at class late on a consistent basis; h. leaving class early on a consistent basis; i. other behavior that disrupts the learning environment. When you do any of these things it is hard to argue you are participating in class and points will be deducted from your participation score.

Class Schedule:

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Reading Assignment</th>
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<tbody>
<tr>
<td>Sept. 4</td>
<td>Introduction History of The Corporation</td>
<td>Monks &amp; Minow, 1-46</td>
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<td><em>The Corporation: A Film</em> (homework viewing)</td>
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<td>Sept. 11</td>
<td>Theories of the Corporation and Corporate Power</td>
<td>Monks &amp; Minow, 47-100</td>
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<td>Case Study: General Motors</td>
<td>See Powerpoint on Sakai</td>
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<td>Workshop: How To Read</td>
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<td>Date</td>
<td>Topic</td>
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<td>Sept. 18</td>
<td>Shareholders</td>
<td>Monks &amp; Minow, 101-143</td>
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<td>Shareholder Activism: Institutional Investors, Union Pension Funds,</td>
<td>Monks &amp; Minow, 144-250</td>
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<td>Hedge Funds, Activist Investors</td>
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<td>Case Study: Microsoft</td>
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<td>What Is a Proxy Contest?</td>
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<td>Sept. 25</td>
<td>Case Study: <em>The Enron Movie The Smartest Guys in the Room</em></td>
<td>Monks &amp; Minow, 251-259</td>
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<td>(Full length motion picture)</td>
<td>Monks &amp; Minow, 291-303</td>
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<td>Oct. 2</td>
<td>Boards of Directors</td>
<td>Monks &amp; Minow, 260-291</td>
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<td>Case: Lehman Brothers</td>
<td>Monks &amp; Minow, 304-346</td>
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<td>Oct. 9</td>
<td>Midterm Examination I</td>
<td>See Study Guide on Sakai</td>
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<td>Oct. 16</td>
<td>Executive Compensation</td>
<td>Monks &amp; Minow, 347-391</td>
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<td>Selected cases</td>
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<td>Oct. 23</td>
<td>Employee Ownership, Profit Sharing, and Broad-Based-Stock Options</td>
<td>Monks &amp; Minow, 399-414</td>
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<td><strong>Publicly-traded Corporations:</strong></td>
<td>Introduction, <em>Shared Capitalism At Work</em> by Kruse, Freeman, Blasi Chs. 1, 4</td>
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<td><strong>Case Study: Procter &amp; Gamble</strong></td>
<td><em>In The Company of Owners</em> by Blasi, Kruse, Bernstein. (Available on Sakai)</td>
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<td><strong>Case Study: Southwest Airlines</strong></td>
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<td></td>
<td><strong>Readings at:</strong></td>
<td><strong>Publicly-traded Corporations:</strong></td>
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<td><strong><a href="http://www.pg.com">www.pg.com</a></strong></td>
<td><strong>Closely-Held Corporations</strong></td>
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<td><strong><a href="http://www.southwest.com">www.southwest.com</a></strong></td>
<td><strong>Film: <em>We The Owners</em></strong></td>
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<td><strong>(An Independent Film)</strong></td>
<td><strong>(Available on Sakai)</strong></td>
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<td><strong>What Is An Employee Stock Ownership Plan (ESOP)?</strong></td>
<td><strong><a href="http://www.nceo.org">www.nceo.org</a></strong></td>
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The Role of Entrepreneurial Start-ups in the Economy

Oct. 30
Takeovers, Mergers, Acquisitions, Privatizations, & Nationalizations Monks & Minow, 283-290
Case: Citicorp

Nov. 6
Midterm Examination II See Study Guide on Sakai

Note: Students will select a major research article in a scholarly journal and prepare a 2 page summary and presentation to their group. See Journal Article and Model Format on Sakai.

Nov. 13
Corporate Governance Standards & Report Cards Available online & Sakai
Sample Corporate Report Cards

Web sites:
http://www.issgovernance.com/
http://www.gmiratings.com/about.aspx
Case Study: Actual corporate report card to be announced from the most recent proxy season

Nov. 20
The Securities & Exchange Commission & Regulation

Workshop on Understanding Corporate Information on the SEC Web Site Selected readings at:
www.sec.gov
See Proposed Rule on Corporate Political Spending (Sakai)

Workshop: How To Read A Corporation’s Annual Report? Example of Google

Nov. 27
Guest Presentations

Nov. 28-Dec. 1 Thanksgiving Holiday
Dec. 4  
**International Corporate Governance**  
Case Studies: China, Germany, Japan, and India  
Monks & Minow, 415-463  
Also read: Investor Protections: Origins, Consequences, And Reform. LaPorta, deSilanes, Shleifer, Vishny (Sakai)

Dec. 11  
**Corporate Ethics**  
Case Study: Hewlett Packard  
Monks & Minow, 464-488  
Corporate Social Responsibility  
& The Sustainable Corporation  
Socially Responsible Investing  

Tomorrow's Owners: Stewardship of Tomorrow’s Company” by Mark Goyder (Sakai)  
The Pyramid of Corporate Social Responsibility by Archie B. Carroll (Sakai).

The date of the final exam will be announced. See the Study Guide on Sakai.

End