Rutgers University School of Management and Labor Relations

Labor Studies and Employment Relations: Corporate Governance, Power, and Control. 37: 575-376:01

Also offered as: Human Resource Management. , Corporate Governance. **37:533:376:01.**

Professor Joseph R. Blasi
Classroom: Ruth Adams Building RAB 001, Douglas Campus
Voice: 732-445-5444
FAX: 732-445-2839
Secretary: 732-445-4722, Elena Orama.
Email: blasi@rci.rutgers.edu or jrbru@hotmail.com

Fall 2012
Wednesday
9:15am-12:15pm

Office Hours: Wednesday at 8:30 am and 12:15 pm at RAB 001 or
Room 200C, Janice B. Levin Building, Livingston Campus by appointment
Undergraduate Teaching Assistants : Susan Skiba and Marion Burke

Text:

Monks, Robert A.G. and Nell Minow. Corporate Governance. **Fifth Edition**. New York: John Wiley & Sons, 2011. Paperback only. ISBN 978-0-470-97259-5. Available from the Livingston Bookstore or the publisher or at online booksellers. Note: The 5th edition is a complete revision of this text. Use only the 2011 new fifth edition. Earlier used copies of the textbook will not be suitable for this course.

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.

Note: Student subscription forms for the term will be available at the first class. This is recommended but not required.

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 be come 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 <u>at no cost</u> to students in PDF form. A student missing more than 3 classes will not receive credit for this course this semester and will be given an incomplete.

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 death in the family. One make-up exam will be held at a time convenient to the instructor when all students needing to take a make-up exam can be present. A cancelled examination will be held at the next regularly scheduled class period.

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 major 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:

Date	Topic	Reading Assignment
Sept. 5	Introduction History of The Corporation The Corporation: A Film	 Monks & Minow, 1-46
Sept. 12	Theories of the Corporation and Corporate Power Case Study: General Motors Workshop: How To Read A Corporate Proxy?: Google	 Monks & Minow, 47-100 See Powerpoint on Sakai www.sec.gov
Sept. 19	Shareholders	Monks & Minow, 101-143

	Shareholder Activism: Institutional Investors, Union Pension Funds, Hedge Funds, Activist Investors	Monks & Minow, 144-250
	Case Study: Microsoft	
	What Is a Proxy Contest?	To be announced
Sept. 26	Case Study: The Enron Movie *The Smartest Guys in the Room* (Full length motion picture)	Monks & Minow, 251-259 Monks & Minow, 291-303
Oct. 3	Boards of Directors	Monks & Minow, 260-291 Monks & Minow, 304-346
	Case: Lehman Brothers	
Oct. 10	Midterm Examination I	No reading See Study Guide on Sakai
Oct. 17	Executive Compensation Selected cases	Monks & Minow, 347-391
Oct. 24	Employee Ownership, Profit Sharing, and Broad-Based-Stock Options	Monks & Minow, 399-414 Introduction, Shared Capitalism At Work by Kruse, Freeman, Blasi Chs. 1, 4 In The Company of Owners by Blasi, Kruse, Bernstein. (Available on Sakai)
	Publicly-traded Corporations: Case Study: Procter & Gamble Case Study: Southwest Airlines	Readings at: www.pg.com www.southwest.com
	Closely-Held Corporations Film: *We The Owners* (An Independent Film)	
	What Is An Employee Stock Ownership Plan (ESOP)?	www.nceo.org
	The Role of Entrepreneurial Start-ups in the Economy	To be announced

Oct. 31	Takeovers, Mergers, Acquisitions, Privatizations, & Nationalizations Case: Citicorp	Monks & Minow, 283-290
Nov. 7	Midterm Examination II	No reading 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. 14	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. 21	No class.	
Nov. 22-25	Thanksgiving Holiday	
Nov. 28	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?: Google	
Dec. 5	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. 12	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