

## Corporate governance and Stewardship (Chaire Léo Goldschmidt)

### Lecturer

Marco BECHT (Coordinator)

### Course mnemonic

GEST-S428

### ECTS credits

5 credits

### Language(s) of instruction

English

### Course period

Second term

### Campus

Solbosch

## Course content

The course will cover a key set of issues in corporate governance and stewardship, such as:

- > The separation of ownership and control; management and block holder control;
- > Control enhancing mechanisms; pyramidal business groups;
- > The market for corporate control: hostile takeovers and proxy contests;
- > Shareholder activism and stewardship; institutional investors, hedge fund activists;
- > The governance of major decisions: corporate acquisitions, capital issuance and delisting;
- > The board of directors: duties, selection and structure;
- > The role of management; remuneration and incentives;
- > Gatekeepers: auditors, credit rating agencies and proxy advisors; Employee participation in decision making and employee ownership;
- > Environmental, social and governance (ESG) and active ownership;

The course will introduce some basic economic concepts and tools for analysing the interplay of conflicting interests of management, the board, different types of shareholders and other interested parties; in particular, agency theory and the economics of financial contracting. Empirical tools include event study analyses, regression discontinuity design (RDD) and metrics of firm performance (Q, returns, etc.).

## Objectives (and/or specific learning outcomes)

The objective of the course is threefold. First, to give students an introduction to current corporate governance practice. The

main issues in corporate governance and stewardship that are discussed among policymakers, corporations, investors and scholars from law, finance and economics will also be covered. The topics will be discussed from an international comparative perspective. Second, to familiarize students with analytical tools used by corporate governance analysts. Third, to illustrate how practical corporate governance and stewardship challenges, like crises, mismanagement or activist shareholder interventions can be addressed and resolved.

## Teaching method and learning activities

In 2020/21 the course will be fully online and delivered via Zoom. The sessions are mostly comprised of lectures, but can also involve visitor presentations. Students will be expected to devote a sufficient amount of learning time outside of the classroom, in private and group study of module material. The reading list is mostly comprised of research articles published in top finance journals, like the Review of Financial Studies or the Journal of Finance. There will be at least one mandatory reading per session. Case studies, news articles and published reports might also be used. The total workload of the course amounts to 5 ECTS.

## Contribution to the teaching profile

### Module Objective

The objective for this elective is to enable students to

- > Identify and analyse significant issues in corporate governance and stewardship based on insights from authoritative sources;
- > Locate and analyse corporate governance and stewardship information published by listed companies and investors;
- > Read, understand and critically evaluate research articles published in scientific journals;
- > Engage with public debate on current corporate governance issues;
- > Evaluate public policy proposals.

### Learning Outcomes

After taking this course, students should be able to:

- > Summarize the main issues arising in corporate governance and stewardship;
- > Understand governance-related terminology and concepts;
- > Locate and synthesize relevant corporate governance information and data;
- > Describe and understand the pertinent theoretical frameworks developed by financial economists;
- > Grasp the basics of empirical tools used to assess the impact of corporate governance;
- > Apply economic reasoning to corporate governance and stewardship issues.

The contributions to the specific learning goals of Master in Management Science and Master in Business Engineering are as follows:

- > LG1 (Entrepreneurial and strategic thinking): LO 1.1., LO1.2., LO1.2
- > LG2 (Academic Mindset): LO2.1
- > LG3 (Analytical Skills): LO3.1

## References, bibliography and recommended reading

The reading list, lecture slides and readings will be made available via [uv.ulb.ac.be](http://uv.ulb.ac.be).

A general reference is

Becht, M., P. Bolton and A. Roell (2007), Corporate Law and Governance, Chapter 12, Handbook of Law and Economics, Volume 2, Edited by A. Mitchell Polinsky and Steven Shavell, North-Holland. A working paper version is freely available from SSRN.

## Course notes

Université virtuelle

## Other information

### Place(s) of teaching

Solbosch

### Contact(s)

Professor Marco Becht ([marco.becht@ulb.be](mailto:marco.becht@ulb.be))

## Evaluation method(s)

written examination

## Evaluation method(s) (additional information)

There will be a one hour written open book exam at the end of the course that will be set remotely via Gradescope. The consultation of other individuals during the exam is excluded. There will be a mock exam that will allow students to get acquainted with Gradescope and the process.

Gradescope will release a questionnaire as a .pdf file at a time set by the SBS-EM timetable office. The questionnaire can be printed or viewed online. Candidates will have half an hour to read the questionnaire and one hour to answer the questions offline in their own handwriting on A4 paper. This will allow the candidates to make drawings and make it possible to perform a verification of identity via a handwriting comparison, if necessary. For this reason typed answers will not be accepted. The candidates will then have another half hour to scan and upload their handwritten scripts to the Gradescope platform. Late submissions will not be accepted or, at least, result in point deductions.

## Determination of the mark (including the weighting of partial marks)

The written exam is 100% of the final grade.

## Main language(s) of evaluation

English

## Other language(s) of evaluation, if applicable

English

## Programmes

### Programmes proposing this course at the Solvay Brussels School of Economics and Management

MA-INGE | Master in Business engineering | finalité Professional/  
unit 1