



The University of Hong Kong

Faculty of Business and Economics

BUSI 3011A

Corporate Governance & Social Responsibility

Course Syllabus

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Course Content and Objectives

After the 1997-98 financial crisis and the 2008 financial tsunami, corporate governance and social responsibility has attracted public attention and debates in Asia. In fact, in the past few decades, Asian organizations have undergone dramatic transformations in the business practices. However, what and how have Asian organizations adapted governance policy to the changing business environment? Many of questions on governance in the region are still unresolved. This is mainly because we do not yet fully understand our institutional and business environment and how these factors shape the corporate and managerial behavior as well as governance practices. This course is designed to provide a theoretical framework to analyze these questions.

This course is to provide a multi-faceted overview of the practical characteristics and unique challenges of corporate governance strategy and practices in Asia, followed by discussions on the integration of CSR practices with business strategy, social enterprises, green business for sustainable growth. Traditional corporate governance topics to be discussed include the institutional factors (e.g. legal protection), corporate ownership, family firms, state-owned enterprises, board of directors and corporate transparency. Moreover, the topics of CSR, green business, and social enterprises will also be discussed in-depth to bring this course to a forward-looking conclusion.

A Warm Reminder

This is not a number-crunching course (No debit and credit!). For many of the management issues we are going to discuss, there are no absolute right or wrong answers, but only more or less developed one. If you are uncomfortable with ambiguity, this course may not be good for you.

Corporate governance is a cross-discipline subject. Students are expected to have a limited background in accounting, finance and management. As business cases will be used extensively throughout the semester, students should have adequate exposure to and experience in analyzing and presenting cases on both individual and group basis.

Intended Learning Outcomes (ILOs)

After completing this course, students are expected to achieve the following intended learning outcomes (ILOs):

1. To gain a reasonable understanding of theoretical development and practical knowledge in corporate governance and social responsibility.
2. To enhance students' appreciation and articulation of complex issues in corporate governance under local and international, particularly Asian, settings.
3. To gain knowledge on and apply effective corporate and management control through divergent strategic, financial, societal, and management contexts.
4. To familiarize students with critical issues of CG and CSR, including corporate ownership structures, transparency, board practices, CSR strategy formulation and implementation, and their impacts on different stakeholders.

5. To integrate management control issues with corporate governance as a firm-specific objective with (to) superior firm performance and greater accountability.
6. To gain hands-on experience to analyze, communicate, provide recommendations on business cases with salient sensitivities to various corporate governance settings.
7. To arouse interest in corporate social responsibility in local and Asian settings and to keep abreast of latest practical issues on CSR.

Alignment between Program Learning Objectives and Course ILOs

Program Learning Objectives	Course ILOs
1. Acquisition and internalization of knowledge of accounting, business and economics	ILO 1, 3, 4, 5 & 7
2. Application and integration of knowledge	ILO 2, 3 & 5
3. Inculcating professionalism and leadership	ILO 4, 6 & 7
4. Developing global outlook	ILO 2 & 7
5. Mastering communication skills	ILO 2, 3 & 6

Academic Conduct

Students are expected to do your own class work. Academic dishonesty will not be tolerated. Cheating or plagiarism would automatically result in an F-grade. Moreover, plagiarism and copying of copyright materials are serious offences and may lead to further disciplinary actions. Please check the University Statement on plagiarism on the web: www.hku.hk/plagiarism. A booklet entitled “*Plagiarism and How to Avoid it*” is also available from the Main Library.

Class Materials

As the contents to be discussed in this course are very contemporary, I do not prescribe a textbook. All required lecture notes, cases and readings will be organized by the instructor and distributed to the students at the beginning of semester. Additional readings may be added for class discussion.

Course Assessment Components

1. Attendance, Participation, & Leadership	20%
2. Case Analysis, Presentation, Report & Q&A (Group Basis)	40%
3. Case Write-ups (Individual)	40%
Total	100%

Assessment 1 - Attendance, Participation, & Leadership (20%)

We will rely on a wide range of business cases and readings as the primary means for knowledge dissemination. Each student of the class is expected to well prepare, take ownership and lead the class discussion of the assigned readings and business cases. The grade for individual attendance, participation and class leadership will be based on the extent of the student's participation and contribution.

Students are required to fully attend all class meetings in the semester and to come to class on time (No later than 15 minutes after the normal class start time). Those students who fail to attend two classes without prior approval from the lecturer will automatically be granted zero for the Assessment 1.

Grading Criteria for Assessment 1

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 2, 6, 7	Extremely well prepared for class discussion, active participation in group activities and show leadership in class and attend all class meetings.	Partially prepared for class discussion, quite active in sharing views and attend at least 11 class meetings.	Not well prepared for class discussion, limited participation in sharing views and attended at least 11 class meetings.	Not well prepared for class discussion, no sharing of views and attended at least 11 class meetings.	Never prepared for class discussion and no sharing of views and experience and attended less than 11 classes.

Assessment 2 - Case Analysis, Presentation, Report & Q&A (40%)

A number of formal group presentations will be scheduled throughout the semester. Each group should consist of **THREE** students. Each group of students is required to deliver a formal presentation of thirty to forty minutes on the assigned case, plus Q&A session. Each group is required to submit the case report of **FIVE** pages right after the presentation.

The group presentation will be evaluated based on the following five criteria: 1) presentation style; 2) the use of presentation/ visual aids; 3) the contents and organizations; 4) the use of real world and relevant examples and information and 5) the quality of interaction at the Q&A sessions. A feedback meeting with the lecturer will be scheduled in the subsequent class following each presentation.

Grading Criteria for Assessment 2

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 3, 4, 6, 7	Very good to excellent ratings on most or all 5 criteria.	Good to very good ratings on most or all 5 criteria.	Fair to good ratings on most or all 5 criteria.	Fair ratings on all 5 criteria.	Fail to prepare and present the case in an up-to-standard manner based on the 5 criteria.

Assessment 3 – Individual Case Write-ups (40%)

Each student is required to complete one individual write-up based on a business case or a topical issue assigned. The assignment would likely be based on current corporate governance and CSR issues or topics (For example, you may prepare a business proposal to establish a social enterprise!) Each write-up should be written in the form of report in **TEN** pages (Single-spaced with 12 font size). I will grade your write-ups based on the following criteria: 1) the content of the report; 2) the writing style (coherence/clarity) and 3) research, presentation and support.

The deadline of this report will be at 5:00 pm on May 1, 2012. Late submission will have a penalty of 10% deduction per day.

Grading Criteria for Assessment 3

ILO	A+ A A-	B+ B B-	C+ C C-	D+ D	F
ILOs 1, 3, 4, 6, 7	Very good to excellent ratings on most or all 3 criteria.	Good to very good ratings on most or all 3 criteria.	Fair to good ratings on most or all 3 criteria.	Fair ratings on all 3 criteria.	Poor ratings on all criteria or fail to submit the report.

Detailed Topic Outline¹

Topic One - Overview of Corporate Governance

Agenda:

- ❖ Overview of this course
- ❖ Corporate scandals around the world
- ❖ What is corporate governance
- ❖ Corporate objectives
- ❖ Corporate governance framework

Readings:

1. Corporate Purpose and Responsibility (Ref: T1-1)
2. Taking stock: Ten years after the Asian financial crisis (Ref: T1-2)

Video:

Corporate Governance: Scandals, Reforms, and the Future (Ref: T1-3)

Topic Two - Corporate Ownership

Agenda:

- ❖ What are ownership rights
- ❖ Why ownership matter
- ❖ The corporate ownership structures in the U.S. and U.K.
- ❖ The corporate ownership structures in the Asian countries
- ❖ The factors influencing the ownership and control structures
- ❖ The governance problems associated with various ownership types and structures

Readings:

1. Corporate Ownership around the World (Ref: T2-1)
2. The Separation of Ownership and Control in East Asian Corporations (Ref: T2-2)

¹ Please note that the extent and timing of topics coverage is subject to change due to practicality and/or time schedule changes.

Topic Three – Family Firms

Agenda:

- ❖ The characteristics of family firms
- ❖ How prevalent are family firms in the world
- ❖ The advantages of family firms
- ❖ The governance issues of family firms
- ❖ How do family firms perform
- ❖ Internal and external governance mechanism for family firms
- ❖ Conclusion

Readings:

1. The Harilela Enterprises: An Indian Family Business in Hong Kong (Ref: T3-1)
2. The five attributes of enduring family businesses (Ref: T3-2)
3. Transforming a South Korean chaebol: An interview with Doosan's Yongman Park (Ref: T3-3)
4. Governance of the Family Business (Ref: T3-4)

1st Group Presentation on February 20, 2012

The Harilela Enterprises: An Indian Family Business in Hong Kong

Topic Four – State Ownership

Agenda:

- ❖ The significance of state ownership
- ❖ The theories for state ownership
- ❖ The governance issues of state-owned enterprises
- ❖ Conclusions and Recommendations

Readings:

1. OAO YUKOS Oil Company (Ref: T4-1)
2. Lantian Stock: The 600-word spell on a transformed state-owned enterprise in China (Ref: T4-2)
3. Asia's governance challenge (Ref: T4-3)
4. Reassessing China's state-owned enterprises (Ref: T4-4)

2nd Group Presentation on February 27, 2012

OAO YUKOS Oil Company

3rd Group Presentation on March 12, 2012

Lantian Stock: The 600-word spell on a transformed state-owned enterprise in China

Topic Five – Board of Directors

Agenda:

- ❖ Recent development of corporate governance in U.S., U.K. and Asia
- ❖ The functions of board of directors
- ❖ Key board committees
- ❖ Typical boards in U.S., China and Asia
- ❖ Does board composition matter
- ❖ Conclusions

Readings:

1. Corporate Governance at Citic Pacific (Ref: T5-1)
2. Making the board more strategic: A McKinsey global survey (Ref: T5-2)
3. China's state-owned enterprises: board governance and the Communist party (Ref: T5-3)
4. Improving board performance in emerging markets (Ref: T5-4)

4th Group Presentation on March 19, 2012
Corporate Governance at Citic Pacific

Topic Six - Country Institutional Factors on Corporate Governance

Agenda:

- ❖ The business environment in Asia
- ❖ Corporate governance problems in Asia
- ❖ Public governance and corporate governance
- ❖ Corporate governance in Asia's institutional environment: what works better
- ❖ Conclusions

Readings:

1. China Netcom: Corporate Governance in China (A) (Ref: T6-1)
2. Corporate Governance in Asia: A Survey (Ref: T6-2)
3. Why codes of governance work? (Ref: T6-3)

Topic Seven – Corporate Transparency

Agenda:

- ❖ Factors affecting corporate transparency
- ❖ Corporate transparency in Asia
- ❖ Lessons learn from Asia financial crisis
- ❖ The recent changes in Asia

Readings:

1. Corporate Governance Failure at Satyam (Ref: T7-1)
2. Accounting Fraud at Worldcom (Ref: T7-2)
3. Corporate Ownership Structure and the Informativeness of Accounting Earnings in East Asia (Ref: T7-3)
4. Rebuilding corporate reputations (Ref: T7-4)

5th Group Presentation on March 26, 2012
Corporate Governance Failure at Satyam

Topic Eight – Corporate Social Responsibility

Agenda:

- ❖ What is Corporate Social Responsibility
- ❖ Different Views on Social Responsibility
- ❖ Carroll's Four Part Definition
- ❖ Corporate Social Performance
- ❖ Social Performance Reporting

Readings:

1. Banyan Tree Hotels & Resorts: Gauging investors' views on corporate social responsibility (Ref: T8-1)
2. Green Rubber: The Revolution of the Rubber Recycling Business (Ref: T8-2)
3. The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders (Ref: T8-3)
4. The Social Responsibility of Business is to Increase its Profit (Ref: T8-4)
5. Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility (Ref: T8-5)

6th Group Presentation on April 2, 2012
Banyan Tree Hotels & Resorts: Gauging investors' views on corporate social responsibility

Topic Nine – Social Enterprises

Agenda:

- ❖ The Definition of Social Enterprise
- ❖ The Key Questions for the development of Social Enterprise
- ❖ Overseas experience sharing
- ❖ The Key Features of Social Enterprise in Hong Kong
- ❖ The governance and operational issues
- ❖ Recommendations

Readings:

1. New Life: Scaling up Social Enterprise Start-ups (Ref: T9-1)
2. Creating Successful Business Models: Lessons from Social Entrepreneurship (Ref: T9-2)
3. Redefining Corporate Social Responsibility (Ref: T9-3)

Video:

Social Entrepreneurs: Correcting Market Failure

7th Group Presentation on April 23, 2012

New Life: Scaling up Social Enterprise Start-ups