

## Corporate Governance and Corporate Social Responsibility (BSc in BWL)

### Syllabus zur Vorlesung und Übung

Veranstaltungsnummern: 101094 (V), 101095 (Ü)  
Wintersemester 2010

Prof. Dr. Gregory Jackson (LS-Jackson@wiwiss.fu-berlin.de)  
Prof. Dr. Jana Costas (jana.costas@fu-berlin.de)  
Sprechstunden nach Vereinbarung

Überblick:

	Datum	Vorlesungsthema	Übung
1	18.10	Introduction: Corporate Power, Corporate Governance and Corporate Responsibility	
<b>Part 1: Corporate Governance</b>			
2	25.10	Understanding corporate governance	Newspaper articles
3	01.11	The Separation of Ownership and Control	Discussion of the Berle/Means text
4	08.11	Patterns of ownership: institutional investors, blockholders, and alternative investors	Newspaper articles
5	15.11	Boards	Case of the UK Combined Code
6	22.11	Case study: Enron	Discussion of the film "Enron: The Smartest Guys in the Room"
7	29.11	Gatekeepers, Conflicts of Interest and Regulatory Capture	Lessons of the financial crisis
8	06.12	Hostile takeovers and the market for corporate control	Case of Mannesmann-Vodafone takeover
9	13.12	Corporate Governance and Employees	Discussion of Höpner's ten findings
10	03.01.11	Comparative and international perspectives	Exercise in comparison of corporate governance features
<b>Part 2: Corporate Social Responsibility</b>			
11	10.01	CSR and the market for virtue	Market for virtue and labor standards (Vogel text)
12	17.01 (Costas)	A Business Ethics Perspective on Responsibility	To be announced
13	24.01 (Reinecke)	Social Movements, Corporations and CSR	Case of Fairtrade
14	31.01 (Costas)	Embedding CSR in the Organization – From Marketing to Culture	Materials on Management Consultancy Firms
15	07.02 (Costas)	Corruption	Case of Siemens
16	14.02	Conclusions and review	

## Kurzbeschreibung

Erwerb von Grundwissen zu Rahmenbedingungen und Handlungsfeldern der Corporate Governance und Corporate Social Responsibility:

- Kenntnis aktueller Probleme und Zugänge der Corporate Governance Forschung, sowie der Entwicklung von neuen Ansätze der Corporate Social Responsibility (CSR)
- Kenntnisse aktueller Debatten bzgl. Policy und Unternehmenspraxis
- Fähigkeit, theoretische Ansätze und Begriffe zur Interpretation von Problemenfällen oder Policy Fragen im Bereich von Corporate Governance oder CSR anzuwenden, sowie Entwicklung von Handlungsoptionen für spezifische Fälle.
- Fähigkeit, zu einem vorgegebenen Themenaspekt eine sozialwissenschaftliche Fragestellung zu entwickeln und auf Grundlage der Literatur zu bearbeiten
- Fähigkeit, die Aussagekraft von theoretisch-konzeptionellen und empirischen Studien einzuschätzen

## Ort

Vorlesung: Montag von 10:15 bis 11:45 Uhr, Garystr. 35, Henry-Ford-Bau, HS B

Übung: Montag von 12.30 bis 14.00 Uhr, Garystr. 35, Henry-Ford-Bau, HS B

## Hinweise zur Teilnahme

Die Unterrichtssprache wird sowohl Englisch als auch Deutsch sein. Klausur und Hausarbeit kann auf Deutsch oder Englisch geschrieben werden.

Von allen Teilnehmern werden regelmäßige Teilnahme und das Lesen der als Pflichtlektüre gekennzeichneten Texte (\*) **vor der Veranstaltung erwartet**. Alle Texte sowie Vorlesungs- und Übungsunterlagen werden Ihnen über Blackboard bereitgestellt. In der Vorlesung werden keine Handouts ausgegeben, drucke Sie die Unterlagen daher bitte vor der Vorlesung aus. Wir sind bemüht diese bis einen Tag vor der entsprechenden Veranstaltung online zu stellen.

Als begleitende Lehrbücher und Nachschlagewerke empfehlen wir Ihnen:

Crane, A. & Matten, D. (2007) *Business Ethics*. Oxford: Oxford University Press.

Crane, A., A. McWilliams, et al., (eds). (2008) *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press.

Micklethwait, J. & A. Woolridge (2003) *The Company: A Short History of a Revolutionary Idea*. New York: Modern Library.

Mallin, C. (2007) *Corporate Governance*. Oxford: Oxford University Press.

## Hinweise zur Prüfung

Bitte beachten Sie, dass sowohl die Inhalte der Vorlesung als auch der Übung prüfungsrelevant sind. Das Modul hat zwei Prüfungsleistungen. Eine Hausarbeit von 1.500 Wörter macht 30% der Gesamtnote aus. Die Abschlussprüfung macht 70% der Gesamtnote aus.

## Literatur

### 1) Introduction: Corporate Power, Corporate Governance and Corporate Responsibility

\*Micklethwait, John and Adrian Woolridge. 2003. *The Company: A Short History of a Revolutionary Idea*. (Introduction and Ch. 3)

\*Melé, D. (2008). "Corporate Social Responsibility Theories." In: A. Crane, A. McWilliams, D. Matten, J. Moon and D. S. Siegel. (eds) *The Oxford Handbook of Corporate Social Responsibility*. Oxford, Oxford University Press: 47-82.

#### *Additional References*

Buchholtz, A. K., J. A. Brown, et al. (2008). "Corporate Governance and Corporate Social Responsibility," in A. Crane, A. McWilliams, D. Matten, J. Moon and D. S. Siegel (eds) *The Oxford Handbook of Corporate Social Responsibility*. Oxford, Oxford University Press: 327-345.

Bakan, Joel. 2004. *The Corporation*. Constable: London. (Ch. 1 "The Corporation's Rise to Dominance")

## Teil 1: Corporate Governance

### 2) Understanding Corporate Governance

\*Shleifer, A. and R. W. Vishny (1997). "A Survey of Corporate Governance." Journal of Finance **52**: 737-783.

\*Aguilera, R et al (2008). "An Organizational Approach to Comparative Corporate Governance: Costs, Contingencies, and Complementarities." Organization Science **19**(3): 475-492.

### 3) The Separation of Ownership and Control

\*Berle, Adolph A., and Gardiner C. Means. 1932. *The Modern Corporation and Private Property*. Macmillan. (Book 1, p.3-118)

### 4) Institutional Investors and Blockholders

\*Davis, GF (2009) "The Rise and Fall of Finance and the End of the Society of Organizations," Academy of Management Perspectives, August, pp.27-44

\*Franks and Mayer (2001) "Corporate Ownership and Control in the UK, Germany and France," Journal of Applied Corporate Finance.

#### *Additional References*

Useem, M. (1996). *Investor capitalism: How money managers are changing the face of corporate America*. New York: Basic Books.

## 5) Board of Directors

\*Carter, C. B. and J. W. Lorsch (2004). *Back to the Drawing Board: Designing Corporate Boards for a Complex World*. Boston, Harvard Business School Press, (Ch1 and Ch9)

\*Hillman, A. & Dalziel, T. (2003). "Boards of directors and firm performance: Integrating agency and resource-dependence perspectives," Academy of Management Review. 28: 383-396.

London Stock Exchange (2008). The Combined Code on Corporate Governance. London, Financial Services Authority. (Selections in class)

### *Additional References*

Dalton, D. R., M. A. Hitt, et al. (2007). "The Fundamental Agency Problem and Its Mitigation: Independence, Equity, and the Market for Corporate Control." *Academy of Management Annals* 1: 1-64.

Jungmann, C. (2006). "The Effectiveness of Corporate Governance in One-Tier and Two-Tier Board System: Evidence from the UK and Germany," European Company and Financial Law Review 3(4): 426-474.

Sundaramurthy, C. and M. Lewis (2003). "Control and Collaboration: Paradoxes of Governance," Academy of Management Review 28(3): 397-415.

## 6) The Case of Enron

\*Clarke, T. (2005) "Accounting for Enron: Shareholder Value and Stakeholder Interests," Corporate Governance: An International Review, vol 13, no. 5, pp.598-612.

### *Additional References*

Coffee Jr., J. C. (2003). "What Caused Enron? A Capsule Social and Economic History of the 1990's," Columbia Law and Economics Working Paper No. 214.

## 7) Gatekeepers, Conflicts of Interest, and Regulatory Capture

\*Coffee Jr., J.C. 2006. *Gatekeepers: The Professions and Corporate Governance*. Oxford: Oxford University Press, ("Introduction" and "Securities Analysts").

\*Black, W.K. 2010. "Epidemics of 'Control Fraud' Lead to Recurrent, Intensifying Bubbles and Crisis," working paper, <http://ssrn.com/abstract=1590447> , especially p.16-25 and 30-35.

\*Johnson, Simon. 2009. "The Quiet Coup" Atlantic Monthly, May.

## 8) Hostile Takeovers

\*Manne, H. (1965). "Mergers and the Market for Corporate Control," Journal of Political Economy 73: 110-120.

\*Höpner, M. and G. Jackson (2006). "Revisiting the Mannesmann takeover: how markets for corporate control emerge," European Management Review 3: 142-155.

*Additional References*

Jensen, Michael C. 1989. "Eclipse of the Public Corporation," Harvard Business Review (September-October, 1989)

## 9) Corporate Governance and Employees

\*Gospel, H. and Pendleton, A. (2003) "Finance, Corporate Governance and the Management of Labour: A Conceptual and Comparative Analysis," British Journal of Industrial Relations, 41, 3, 557-582.

\*Höpner, M. (2001). "Corporate Governance in Transition: Ten Empirical Findings on Shareholder Value and Industrial Relations in Germany," MPIfG Discussion Paper 01 / 5, Köln: Max-Planck-Institut für Gesellschaftsforschung.

## 10) Comparative Perspectives on Corporate Governance Around the World

\*Aguilera, R. V. and G. Jackson (2003). "The Cross-National Diversity of Corporate Governance: Dimensions and Determinants," Academy of Management Review 28(3): 447-465.

\*Gugler, K., D. C. Mueller, et al. (2004). "Corporate Governance and Globalization," Oxford Review of Economic Policy 20(1): 129-156.

*Additional References*

Yoshikawa, Toru; Rasheed, Abdul A. (2009) "Convergence of Corporate Governance: Critical Review and Future Directions," Corporate Governance: An International Review. 17(3), p.388-404.

## Teil 2: Corporate Social Responsibility

### 11) Understanding Corporate Social Responsibility

\*Devinney, T. 2009. "Is the Socially Responsible Corporation a Myth? The Good, the Bad, and the Ugly of Corporate Social Responsibility." Academy of Management Perspectives, 17(1): 44-56.

\*Vogel, David (2006): "Corporate Responsibility for Working Conditions in Developing Countries," In: D. Vogel, *The Market for Virtue. The Potential and Limits of Corporate Social Responsibility*, Washington D.C.: Brookings Institution Press, pp.75-109.

*Additional References*

Waddock, S. 2008. "Building a New Institutional Infrastructure for Corporate Responsibility," Academy of Management Perspectives, 16(2): 312-348.

## 12) Ethics

\*Crane, A. & Matten, D. (2007) *Business Ethics*. Oxford: Oxford University Press, pp. 3-14 (ch. 1) & pp. 85-123 (ch. 3).

### *Additional References*

Parker, M. (1998) "Introduction: Ethics, the Very Idea?" In Parker, M. (ed.). *Ethics and Organizations*. London: Sage, pp. 1-14.

Parker, M. (1998) "Against Ethics." In Parker, M. (ed.). *Ethics and Organizations*. London: Sage, pp. 282-296.

Jackall, R. (1988) *Moral mazes: The world of corporate managers*. Oxford: Oxford University Press, pp. 3-12 (introduction, ch. 1).

Roberts, J. (2003) "The Manufacture of Corporate Social Responsibility: Constructing Corporate Sensibility." *Organization*, 10: 249-266.

## 13) Social Movements, Corporations and CSR

\*McAdam, D., and W. Richard Scott. 2005. "Organizations and Movements." In Gerald F. Davis, Doug McAdam, W. Richard Scott, and Mayer N. Zald. (eds) *Social Movements and Organization Theory*, New York: Cambridge University Press, pp. 4-40.

\*VanderHoff Boersma, F. 2009. "The Urgency and Necessity of a Different Type of Market: The Perspective of Producers Organized Within the Fair Trade Market." *Journal of Business Ethics* 86:51-61.

### *Additional References*

den Hond, F., Frank, G. A. and de Bakker. 2007. "Ideologically Motivated Activism: How Activist Groups Influence Corporate Social Change Activities." *Academy of Management Review* 32: 901- 924.

King, Brayden G., and N. A. Pierce 2010. "The Contentiousness of Markets: Politics, Social Movements, and Institutional Change in Markets." *Annual Review of Sociology* 36:249-267.

## 14) Culture

\*Fleming, P. (2009) *Authenticity and the Cultural Politics of Work*. Oxford: Oxford University Press, pp. 97- 114 (ch. 5).

### *Additional References*

Crane, A. & Matten, D. (2007) *Business Ethics*. Oxford: Oxford University Press, pp. 316-331 (ch. 8)

Collier, J. & Esteban, R. (2007) "Corporate social responsibility and employee commitment," *Business Ethics: A European Review*. 16 (1), pp. 19-33.

Grey, C. (2005) *A very short, fairly interesting and reasonably cheap book about studying organizations*. London: Sage, pp. 65-83 (ch.3).

## 15) Corruption

\*Fleming, P./Zyglidopoulos, S. C. (2009): *Charting Corporate Corruption. Agency, Structure and Escalation*. Cheltenham & Northampton, MA, pp.1-16 (ch. 1).

\*Wolf, Sebastian (2009). Die Siemens- Korruptionsaffäre – ein Überblick, in: Graeff, P., Schröder, K. & Wolf, S. (Hrsg.): *Der Korruptionsfall Siemens. Analysen und praxisnahe Folgerungen des wissenschaftlichen Arbeitskreises von Transparency International Deutschland*. Baden-Baden: Nomos, S. 9-17.

### *Additional References*

Fleming, P./Zyglidopoulos, S. C. (2009): *Charting Corporate Corruption. Agency, Structure and Escalation*. Cheltenham & Northampton, MA, pp.112-127 (ch. 8), pp. 128-131 (ch. 9).

Anand, V., Ashforth, B. E. & Joshi, M. (2004). "Business as usual: The acceptance and perpetuation of corruption in organizations," *Academy of Management Executive* 18(2), pp. 39-53.

Ashforth, B. E., Gioia, D. A., Robinson, S. L. & Trevino, L. K. (2008). "Re-viewing organizational corruption," *Academy of Management Review* 33(3), pp. 670-684.

Aguilera, R. V. and A. Vadera (2008) "The Dark Side of Authority: Antecedents, Mechanisms, and Consequences of Organizational Corruption," *Journal of Business Ethics*, 77 (4): 431- 449.

## 16) Conclusions and Review

## Hausarbeit

Die Hausarbeit besteht aus einem Aufsatz von max. 1500 Wörtern, der 30% der Gesamtnote ausmacht. In der Arbeit sollen zwei Aufsätze aus der unteren Liste verglichen werden, einer aus dem Bereich A und einer aus dem Bereich B. Das Ziel ist es die verschiedenen theoretischen Betrachtungsweisen bzgl. Corporate Governance und ihre Beziehung zu CSR kritisch zu beurteilen. Die Arbeit kann auf Englisch oder Deutsch verfasst werden.

Während Sie die Aufsätze besprechen, vergleichen Sie diese anhand folgender Fragen:

1. Welchem Interesse sollten Unternehmen verfolgen und wieso?
2. Was sind die wichtigsten Mechanismen, welche die Verantwortlichkeit von Managern sicher stellen?
3. Welche der beiden Theorien ist überzeugender? Berücksichtigen sie bei dieser Überlegung auch, ob die Hauptaussagen der Theorie eher deskriptiver oder normativer Art sind?

Abgabetermin ist der **15. Dezember 2010**. Die Arbeit kann bis 15:00 Uhr im Sekretariat des Lehrstuhls Jackson abgegeben werden. Eine elektronische Kopie sollte zudem auf Blackboard hochgeladen werden (eine Anleitung hierzu wird später erfolgen). Hausarbeiten, welche die Anzahl der Wörter um mehr als +10% oder -10% über- oder unterschreiten, werden mit der Note 5 bewertet. Titelblatt, Inhaltsverzeichnis und bibliografische Angaben sind in das Wortlimit nicht eingeschlossen. Die Arbeit kann auf Englisch oder Deutsch verfasst werden.

### A. Agency perspectives (law and economics)

Bainbridge, S. (2008). *The New Corporate Governance in Theory and Practice*. New York, Oxford University Press, Ch 2 "The Means and Ends of Corporate Governance."

Eisenhardt, K. (1989). "Agency theory: An assessment and review." Academy of Management Review 14(1): 57-74.

Hansmann, H. and R. Kraakman (2001). "The End of History for Corporate Law." Georgetown Law Journal 89: 439.

Jensen, M. C. (2001). "Value Maximization, Stakeholder Theory, and the Corporate Objective Function." European Financial Management Review 14(3).

### B. Emerging perspectives (stakeholder theory, organizational theory, corporate social responsibility)

Aguilera, R et al (2008). "An Organizational Approach to Comparative Corporate Governance: Costs, Contingencies, and Complementarities." Organization Science 19(3): 475-492.

Aguilera, R.V.; Rupp, D.E.; Williams, C.A. and Ganapathi, J.: 2007, 'Putting the S back in corporate social responsibility: a multilevel theory of social change in organizations', Academy of Management Review, Vol. 32:3, pp. 836-863

Blair, M. M. and L. A. Stout (1999). "A Team Production Theory of Corporate Law." Virginia Law Review 85: 247-328.



- Campbell, J.L.: 2007, "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility," Academy of Management Review, Vol. 32:3 pp.946-967
- Donaldson, T. and L. E. Preston (1995). "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications." Academy of Management Review 20(1): 65-91.
- Lazonick, W. and M. O'Sullivan (2000). "Maximising Shareholder Value: A New Ideology for Corporate Governance." Economy and Society 29(1): 13-35.
- Mitchell, R. K., B. R. Agle, et al. (1997). "Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts." Academy of Management Review 22(4): 853-886.
- Parkinson, J. (2003). "Models of the Company and the Employment Relationship." British Journal of Industrial Relations 41(3): 481-509.
- Rajan, R. G. and L. Zingales (2000). The governance of the new enterprises. In: X. Vives (ed) Corporate Governance: Theoretical & Empirical Perspectives. Cambridge, UK, Cambridge University Press.