

## **COMPARATIVE CORPORATE GOVERNANCE / SEMINAR COURSE**

### **Goal**

The purpose of the seminar is to give students an understanding of the organization of corporate enterprise in an economic, legal and political context. The intention is for students to be able to better understand the background for and the impact of relevant corporate governance outcomes on the pursuit of business enterprise.

### **Contents**

The corporate and business environment is increasingly global and cross-border ownership and governance issues have become commonplace. Yet corporate governance – by its nature – is based on established institutional structures that may vary between jurisdictions and markets. Corporate governance models have evolved over time, but the debate regarding the convergence and persistence in corporate governance still prevails. There is an increasing understanding that instead of necessarily pursuing standardized solutions in relation to corporate governance mechanisms it is important to study and compare these mechanisms in their institutional context.

The seminar will consider corporate governance structures in publicly traded corporations in different jurisdictions and industrial settings. Different corporate governance structures will be studied in their economic, legal and political contexts. Students will be introduced to comparative and institutional perspectives to corporate governance research.

**Scope:** 5 sp. (Svenska Handelshögskolan).

### **Prerequisites for participation**

Master level Hanken students may participate. The number of participants will be limited; the previous scores and personal interest of candidates will be reviewed, as needed.

### **Execution and requirements**

**Lectures:** 12/14 hours (6/7 x 2) of classes. Class participation is compulsory and the students are required to participate in class discussions. Assigned materials must be read in advance of each class. Materials and lectures will be in English. Materials include mainly articles and case law.

**Seminar Paper:** An essay of appr. 15 pages is to be prepared; a first draft is to be presented in connection with lectures and the final document within a set time period after the end of classes (date tbc).

**Course results:** Grading for Hanken 0–100; numerical grading 0 to 5 for Faculty of Law. Class participation is required and class contribution can increase the grade by 10 points (Hanken).

### Seminar schedule and reading assignments

Please **read the following texts before the classes** and **be prepared to discuss** the texts in the class. Most materials should be available on the web (links below).

Date	Time (Classes begin 15 min. past the hour)	Seminar Discussion Topics	Lecturers	Recommended Readings	Room
20.4.2020	18-20	<p><b>Introduction to the Seminar</b></p> <ul style="list-style-type: none"> <li>- Review of materials and seminar structure</li> <li>- Overview of Comparative Corporate Governance</li> </ul> <p><b>The Firm, the Corporation and Corporate Stakeholders</b></p> <ul style="list-style-type: none"> <li>- The “firm” and the “corporation”</li> <li>- Corporate Organs</li> <li>- Corporate Stakeholders</li> <li>- Functional approach to CG</li> </ul>	Ilmonen	<p>Bebchuk, Lucian A. &amp; Hamdani, Assaf, <i>The Elusive Quest for Global Governance Standards</i> 157 U. Penn L.R. 1263 (2009); available at <a href="https://scholarship.law.upenn.edu/penn_law_review/vol157/iss5/1/">https://scholarship.law.upenn.edu/penn_law_review/vol157/iss5/1/</a></p> <p>Jennifer G. Hill &amp; Matthew Conaglen, Directors’ Duties and Legal Safe Harbours: A Comparative Analysis (ECGI Law Working Paper 351/2017, 2017), available at <a href="https://ecgi.global/sites/default/files/working_papers/documents/finalhillconaglen.pdf">https://ecgi.global/sites/default/files/working_papers/documents/finalhillconaglen.pdf</a></p> <p>Kraakman, Reinier, et al., <i>The Anatomy Of Corporate Law</i> (3<sup>rd</sup>. ed., 2017), Chapter 1; available as working paper at: <a href="https://ecgi.global/working-paper/foundations-corporate-law">https://ecgi.global/working-paper/foundations-corporate-law</a></p>	
21.4.2020	18-20	<p><b>Financieng the Corporation</b></p> <ul style="list-style-type: none"> <li>- The relationship between corporate finance and corporate governance</li> <li>- The rights of shareholders vs. bondholders</li> <li>- Share classes</li> </ul>	Ilmonen	<p>Kraakman, Reinier, et al., <i>The Anatomy Of Corporate Law</i> (3<sup>rd</sup>. ed., 2017), Chapter 3; John Armour, Luca Enriques, Henry Hansmann &amp; Reinier Kraakman, <i>The Basic Governance Structure: The Interests of Shareholders as a Class</i> (ECGI Law Working Paper 337/2017), available as a working paper at <a href="https://ecgi.global/sites/default/files/working_papers/documents/SSRN-id2901416.pdf">https://ecgi.global/sites/default/files/working_papers/documents/SSRN-id2901416.pdf</a></p>	

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		- <i>Insolvency</i>		<p>Bebchuk, Lucian A., Kraakman, Reinier &amp; Triantis, George, <i>Stock Pyramids, Cross-Ownership and Dual Class Equity: The Creation and Agency Costs of Separating Control from Cash Flow Rights</i> (Harvard Law School John M. Olin Center for Law, Economics and Business Discussion Paper Series 249, 1999); available at: <a href="http://lsr.nellco.org/cgi/viewcontent.cgi?article=1037&amp;context=harvard_olin">http://lsr.nellco.org/cgi/viewcontent.cgi?article=1037&amp;context=harvard_olin</a></p> <p>Mark J. Roe &amp; Frederico Centi Venezze, <i>A Capital Market, Corporate Law Approach to Creditor Conduct</i>, 112 Michigan L.R. 59 (2013), available at: <a href="https://repository.law.umich.edu/cgi/viewcontent.cgi?article=1041&amp;context=mlr">https://repository.law.umich.edu/cgi/viewcontent.cgi?article=1041&amp;context=mlr</a></p>	
22.4.2020	18-20	<p><b>Industrial Structures and Corporate Governance</b></p> <p>- <i>The Nordic Model</i></p> <p>- <i>The US: Weak Owners and Strong Managers</i></p> <p>- <i>Ownership and Control in Europe</i></p>	Ilmonen	<p>Rajan, Raghuram, &amp; Zingales, Luigi, <i>The Great Reversals: The Politics of Financial Development in the Twentieth Century</i>, 69 Journal of Financial Economics 5 (2003), available at <a href="http://faculty.chicagobooth.edu/luigi.zingales/papers/research/jfer_eversal.pdf">http://faculty.chicagobooth.edu/luigi.zingales/papers/research/jfer_eversal.pdf</a></p> <p>Klaus Ilmonen, <i>A Political Narrative of Nordic Corporate Governance: Shareholders, Stakeholders and Change of Control</i> 12 ECFR 489 (2015); working paper available at: <a href="https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2748741_code1083313.pdf?abstractid=2748741&amp;mirid=1">https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2748741_code1083313.pdf?abstractid=2748741&amp;mirid=1</a></p> <p>Mark J. Roe, <i>Strong Managers, Weak Owners: The Political Roots of American Corporate Finance</i>, Princeton U. Press</p>	

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				<p>(1994); Chapters 3-4; available at <a href="https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2310710_cocv2i2p6.pdf?abstractid=2310710&amp;mirid=1">https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2310710_cocv2i2p6.pdf?abstractid=2310710&amp;mirid=1</a></p> <p>Grant, Jeremy &amp; Kirchmaier, Thomas: <i>Who Governs? Corporate Ownership and Control Structures in Europe</i> (SSRN Working Paper, June 7, 2004), available at <a href="http://www.virtusinterpress.org/IMG/pdf/cocv2i2p6.pdf">http://www.virtusinterpress.org/IMG/pdf/cocv2i2p6.pdf</a></p> <p>Martin Gelter, <i>Comparative Corporate Governance: Old and New</i> (ECGI Law Working Paper 321/2016, 2016, available at: <a href="https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2811709_cocv2i2p6.pdf?abstractid=2756038&amp;mirid=1">https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2811709_cocv2i2p6.pdf?abstractid=2756038&amp;mirid=1</a></p>	
27.4.2020	18-20	<p><b>Law and Corporate Governance</b></p> <ul style="list-style-type: none"> <li>- <i>Law and governance</i></li> <li>- <i>The Development of Corporate Law</i></li> <li>- <i>Is corporate law dead?</i></li> </ul>	Ilmonen	<p>John C. Coffee, <i>The Rise of Dispersed Ownership: The Role of Law in the Separation of Ownership and Control</i>, 111 Yale L.J. 1 (2001); available at: <a href="https://www.yalelawjournal.org/pdf/455_ugyxm1iw.pdf">https://www.yalelawjournal.org/pdf/455_ugyxm1iw.pdf</a></p> <p>La Porta, Rafael, Lopez-de-Silanes, Florencio, Shleifer, Andrei &amp; Vishny, Robert, <i>Investor Protection and Corporate Governance</i>, 58 J. of Fin. Econ. 2 (2000); available at: <a href="https://scholar.harvard.edu/files/shleifer/files/ip_corpgov.pdf">https://scholar.harvard.edu/files/shleifer/files/ip_corpgov.pdf</a></p> <p>Armour, John &amp; Ringe, Wolf-Georg, <i>European Company Law 1999-2010: Renaissance and Crisis</i> (ECGI – Law Working Paper No. 175, 2011, Oxford Legal Studies Research Paper No. 63/2010), available at <a href="https://ecgi.global/sites/default/files/working_papers/documents/SSRN-id1691688.pdf">https://ecgi.global/sites/default/files/working_papers/documents/SSRN-id1691688.pdf</a></p>	

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				<p>Kraakman, Reinier, et al., <i>The Anatomy Of Corporate Law</i> (3<sup>rd</sup>. ed., 2017), Chapter 2; working paper available at <a href="http://www.law.harvard.edu/programs/olin_center/papers/pdf/Kraakman_644.pdf">http://www.law.harvard.edu/programs/olin_center/papers/pdf/Kraakman_644.pdf</a></p> <p>Zohar Goshen &amp; Sharon Hannes, <i>The Death of Corporate Law</i> (ECGI Law Working Paper 203/2018, 2018); available at: <a href="https://ecgi.global/sites/default/files/working_papers/documents/finalgoshenhannes.pdf">https://ecgi.global/sites/default/files/working_papers/documents/finalgoshenhannes.pdf</a></p>	
29.4.2020	18-20	<p><b>Concentrated Ownership and Corporate Control</b></p> <ul style="list-style-type: none"> <li>- <i>Private benefits of control</i></li> <li>- <i>Concentrated ownership as a monitoring mechanism</i></li> <li>- <i>Related party transactions</i></li> <li>- <i>Corporate law in an environment of concentrated ownership</i></li> </ul>	Ilmonen	<p>Becht Marco, Bolton Patrick &amp; Röell Ailsa, <i>Corporate Governance and Control</i> (ECGI Finance Working Paper No 02, 2002, updated as of August 2005)</p> <p>Gilson, Ronald, <i>Controlling Shareholders and Corporate Governance: Complicating the Comparative Taxonomy</i>, 119 Harvard L.R. 1642 (2006).</p> <p>Coates, John C. IV, <i>Ownership, Takeovers and EU Law: How Contestable Should EU Corporations Be?</i> 12 (ECGI Law Working Paper 11, 2003)</p>	
6.5.2020	18-20	<p><b>Shareholder Primacy Under Pressure</b></p> <ul style="list-style-type: none"> <li>- <i>Basis for Shareholder Primacy</i></li> <li>- <i>CG and the Financial Crisis</i></li> <li>- <i>Short-termism</i></li> </ul>	Ilmonen	<p>Jesse M. Fried, <i>The Uneasy Case for Favoring Long-Term Shareholders</i>, 124 Yale L.J. 1554 (2015); available at <a href="https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2599866_coda1465.pdf?abstractid=2227080&amp;mirid=1">https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2599866_coda1465.pdf?abstractid=2227080&amp;mirid=1</a></p> <p>Beate Sjøfjell, Andrew Johnston, Linn Anker-Sørensen &amp; David Millon, <i>Shareholder Primacy: The Main Barrier to Sustainable Companies</i> (U. of Oslo Fac. of Law Research Paper 2015-37, 2015), available at</p>	

Date	Time (Classes begin 15 min. past the hour)	Seminar Discussion Topics	Lecturers	Recommended Readings	Room
		- <i>The sustainability debate</i>		<a href="https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2664544_cede1795238.pdf?abstractid=2664544&amp;mirid=1">https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID2664544_cede1795238.pdf?abstractid=2664544&amp;mirid=1</a>  OECD, Corporate Governance and the Financial Crisis: Key Findings and Main Messages, June 2009 (2009); available at <a href="http://www.oecd.org/corporate/ca/corporategovernanceprinciples/43056196.pdf">http://www.oecd.org/corporate/ca/corporategovernanceprinciples/43056196.pdf</a>  SHRD II	
7.5.2020	18-20	Presentations	Ilmonen et. al.	Seminar participants will discuss their essay topics; possible guest lecturer.	

**Lecturers:**

Klaus Ilmonen, LL.D. (Helsinki), LL.M. (Columbia University)

**Further information:**

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