



The University of Hong Kong

Faculty of Business and Economics

ACCT3111/ BUSI 3011 Corporate Governance & Social Responsibility 2016 - 17

Course Syllabus

Dr. Sammy Fung
(Ph.D., CPA (HK), CPA(Aust.))
Principal Lecturer

Office: Room 1220, KKL Building
Phone: (852) 3917-4214 (Direct)
Email: flksammy@hku.hk

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 the past decades, our Asian organizations have undergone dramatic transformations in the business practices. However, what have Asian organizations adapted governance policy in response to the dynamic business environment? What are the impacts? Most of these questions are still unclear. This is mainly because we do not fully understand our country institutional and business environment and how these factors shape the corporate and managerial behavior. This course is designed to provide a theoretical framework to analyze these questions.

Specifically, this course is to provide a multi-faceted overview of the characteristics and unique challenges of governance strategy and practices in Asia. Corporate governance topics include the institutional environment, corporate ownership, family- and state-owned enterprises, board of directors and corporate transparency. Moreover, the topics of social responsibility, nonprofit organizations and social enterprises will 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 course, 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. Topic & Case Analysis, Presentation, Report & Q&A (Group Basis)	40%
3. Final Write-ups (Individual Basis)	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.

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.	Partially prepared for class discussion, quite active in sharing views.	Not well prepared for class discussion, limited participation in sharing views.	Not well prepared for class discussion, no sharing of views.	Never prepared for class discussion and no sharing of views and experience.

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

A number of group presentations will be scheduled throughout the semester. Each group should consist of **FOUR or FIVE** students. Each group of students is required to deliver a presentation of **30** minutes, plus Q&A on the assigned governance area and business case. Each group is also required to submit a report of **FIVE** pages at the presentation day.

The group presentations are 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.

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 – Final Write-ups (40%)

Each student is required to complete one individual write-up based on your selected corporate governance, social responsibilities and social enterprises topics. Each write-up should be written in the form of report in **TEN** pages (Single-spaced with font size 12). I will assess your write-ups based on the following criteria: 1) the content of the report; 2) the writing style (coherence/clarity) and 3) research and support. **The deadline of the final write-up will be at 5:30 pm on May 15, 2017. 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.

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)

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 Feb. 13, 2017

The Harilela Enterprises: An Indian Family Business in Hong Kong

Topic Four – State-owned Enterprises

Agenda:

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

Readings:

1. Lantian Stock: The 600-word spell on a transformed state-owned enterprise in China (Ref: T4-1)
2. Asia's governance challenge (Ref: T4-2)
3. Reassessing China's state-owned enterprises (Ref: T4-3)
4. Helping Hand or Grabbing Hand? Central vs. Local Government Shareholders in Chinese Listed Firms (Ref: T4-4)

2nd Group Presentation on Feb. 20, 2017

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 Failure at Satyam (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)

3rd Group Presentation on Feb. 27, 2017

Corporate Governance Failure at Satyam

Topic Six – 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 at Citic Pacific (Ref: T6-1)
2. Corporate Ownership Structure and the Informativeness of Accounting Earnings in East Asia (Ref: T6-2)
3. Rebuilding corporate reputations (Ref: T6-3)
4. The Olympus Scandal and Corporate Governance Reform: Can Japan find a middle ground between the Board Monitoring Model and Management Model? (Ref: T6-4)

4th Group Presentation on Feb. 17, 2017

Corporate Governance at Citic Pacific

Topic Seven – 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. How Citi Successfully Implemented Community Engagement with Limited Resources (Ref: T7-1)
2. Richform Holdings Ltd—How a Hong Kong Small Enterprise Succeeded Using Corporate Social Responsibility Initiatives (Ref: T7-2)
3. The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders (Ref: T7-3)
4. The Social Responsibility of Business is to Increase its Profit (Ref: T7-4)
5. Redefining Corporate Social Responsibility (Ref: T7-5)
6. Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility (Ref: T7-6)

5th Group Presentation on Mar. 20, 2017

How Citi Successfully Implemented Community Engagement with Limited Resources

6th Group Presentation on Mar. 27, 2017

Richform Holdings Ltd—How a Hong Kong Small Enterprise Succeeded Using Corporate Social Responsibility Initiatives

Topic Eight – Nonprofit Organizations Governance

Agenda:

- ❖ What is the key difference between corporate and NPO governance?
- ❖ Why is NPO governance so important?
- ❖ Typical Problems faced by local and global NPOs

Readings:

1. Fu Hong Society: Governance with Strong Operational Oversight (Ref: T8-1)
2. The Hong Kong Blind Union: A Small Self-help NGO with Board of Directors actively involved in Operation (Ref: T8-2)
3. Effective Governance in Nonprofit Organizations: A Literature based Multiple Stakeholder Approach (Ref: T8-3)
4. Managing Stakeholder Demands: Balancing Responsiveness to Clients and Funding Agents in Nonprofit Social Service Organizations (Ref: T8-4)
5. Determining Factors in Online Transparency of NGOs: A Spanish Case Study (Ref: T8-5)

7th Group Presentation on Apr. 3, 2017

Fu Hong Society: Governance with Strong Operational Oversight

8th Group Presentation on Apr. 3, 2017

The Hong Kong Blind Union: A Small Self-help NGO with Board of Directors actively involved in Operation

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. i-Bakery: How a Hong Kong NGO Ventures into Social Enterprise (Ref: T9-1)
2. Fullness Christian Social Enterprise Limited - Offering a Right Path to Deviant Youth in Hong Kong (Ref: T9-2)
3. Creating Successful Business Models: Lessons from Social Entrepreneurship (Ref: T9-3)

9th Group Presentation on Apr. 24, 2017

Fullness Christian Social Enterprise Limited - Offering a Right Path to Deviant Youth in Hong Kong

10th Group Presentation on Apr. 24, 2017

i-Bakery: How a Hong Kong NGO Ventures into Social Enterprise