



**PhD in Economics and Management  
- Corporate Governance -  
[Syllabus 2018]**

**Prof Amedeo Pugliese**

Version\_0

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## 0. Scheduling, Timetable and Venues:

Classes will comprise 7 three-hour sessions held twice a week. In each session students will be assigned a set of research papers and other relevant suggested readings. Attendance to Weekly Department Seminars is **mandatory (both the seminars in Management and Economics)**.

Classes will be held on Wednesdays and Thursdays (3-6 pm) with one exception in the last week (October 31<sup>st</sup>, where we will have a featured speaker). The Timetable will be posted and updated – if necessary – on Moodle.

## 1. Course Objectives & Learning Outcomes

The objectives of this unit entail dealing with issues in designing, carrying out and interpreting research in corporate governance. The unit explores a range of theories and methods widespread in the governance field. Given the breadth of the area, you will be exposed to a number of selected topics.

The unit offers students the opportunity to identify potential topics and research questions (RQs) requiring investigation. Most of the issues surrounding ownership structures, management teams, boards of directors, formal and informal governance mechanisms will inevitably surface in your research, regardless of the chosen topic.

The *focus* will be on *thinking* about and *evaluating* research questions alongside with discussing research design choices, interpretation of results and placement of research findings in the literature.

Upon completion of this unit, students should be able to:

1. Describe and evaluate the different theoretical bases underlying empirical research in corporate governance
2. Review a range of extant accounting research to critically analyse and assess the fit between a stated research questions and the execution that authors suggest
3. Develop a written referee report targeting an academic audience whereby you highlight the main issues authors of a manuscript should take into account when re-working their paper
4. Discuss, and present in a competent academic style, research outputs from their own and other researchers' work in the field of accounting.

## 2. Course Content & Structure

This unit aims at developing a student's critical knowledge and skills in the formal review of a broad range of topics within the governance literature. Through the exploration of key theories and research methods applied in corporate governance, this unit prepares students to complete their proposed research topic [if applicable].

We will adopt a flipped classroom approach. Students are *expected* to *read* the material prior to the lectures. Lecturing will be limited to the analysis of the key issues that are of paramount importance when

evaluating a research paper. Students will review a range of theories and research approaches applied in the governance field and identify potential topics and research questions requiring investigation.

Students are required to:

- (i) submit written critiques of the research papers prior to the relevant class and
- (ii) be prepared to discuss and debate alternative views of the theories, research methods and findings advanced in the readings.

This unit encompasses contemporary accounting research in various areas of corporate governance. The coverage will be necessarily limited. The following are topic areas may be included:

- the separation of ownership and control and the agency problems
- Financial statements as governance mechanisms
- Ownership structures and forms of organizations
- Compensation of top management teams
- Boards of directors

### 3. Teaching Material and Resources

Journal articles and working papers for each relevant session are listed above. Articles should be retrieved from the journal website. These are available through the UniPD library services.

Lecture slides and teaching material will be made available through the Moodle online platform prior to the classes (<https://elearning.unipd.it/economia/>).

### 4. Examination Method & Assessment Criteria

#### 1. Assessment Item 1: Paper Presentation & In-class Participation

Weighting: 30% of final grade.

This is an individual activity aiming at developing your presentation skills in an academic environment. Seminar Presentation and Participation marks will be awarded for preparedness and contributions to class discussion on assigned readings and other relevant material.

- A.** Paper Presentation: students will be assessed on the best two presentations worth 10 marks each for a total of 20 marks. Each student will be required to act as lead discussant on two pre-assigned articles. You are expected to use slides and lead the in-class discussion. This activity will commence in week 2 (after the first two sessions) and students will be randomly assigned to two sessions/papers. Each presentation will last 30 min + 15 min Q&A.
- B.** In-class participation: the remaining 10 marks will be awarded to the in-class participation. In-class participation will be recorded for 5 sessions starting from session 3. The best 3 out of 5 results will

be retained and count towards the final mark. Students are expected to actively contribute to the discussion mainly through questions during the sessions. The volume of turns does not correlate with quality: therefore, you are not expected to talk a lot, nor to dominate the discussion but to contribute to the evaluation of the papers/articles presented.

## 2. Assessment Item 2: Written Critique (Report)

Weighting: 30% of final grade.

This individual activity aims at developing your critical skills in evaluating a published article or a working paper. It is both formative and summative, as it will enhance your writing skills for an academic audience.

Higher marks will be awarded to students who display a sound understanding of the research questions, theory, methods, results, contribution and limitations of the assigned readings. Such understanding would be displayed through critical analysis of the assigned readings and ability to discuss and defend points of view by reference to relevant theory and empirical evidence.

Due dates: in weeks 2, 3 & 4 you will be required to submit a referee report whereby you will analyse the strengths and weaknesses of the manuscript. The manuscripts will be identified in advance. You are expected to submit the written critique on Tuesday evening (before 11.59pm) in each relevant week – prior to the discussion in class (e.g. in week 2, you will be required to submit on Tuesday 16<sup>th</sup> October, before the class on the following day).

Students will be assessed on the best two out of three critiques worth 15 marks each for a total of 30 marks. Guidelines are available for you to structure your written critique (on Moodle).

Word limit: each critique should not exceed 3 pages or 1,200 words (+/- 5% allowance). Please submit a word or pdf document (TNR or Calibri, 12 pt, 1.5 spacing).

## 3. Assessment Item 3: Research Proposal

Weighting: 40% of final grade.

The exam is a take-home. It is an individual piece of assessment aiming at testing your ability to design a potential research project in the relevant domain of interest (e.g. corporate governance).

Length: The take home exam can normally be completed in 4 days.

Release Date: Thursday 1<sup>st</sup> November @ 9 am.

Due Date: Thursday 8<sup>th</sup> November @ 11.59pm. Submission through the Moodle Platform.

Word limit: 2,500 words (+/- 5% allowance). Please submit a word or pdf document (TNR or Calibri, 12 pt). Please note that students can consult with each other on the main issues but the research proposal should be an individual outcome.

| Assessment Item                                | Weight | Activities             | Marks | Due Date                                    | Details   |
|--|--------|------------------------|-------|---|---|
| 1. Paper Presentation & In-class participation | 30%    | Presentation           | 20    | Weekly                                      | 2 presentations worth 10 marks each   |
|  |        | In class participation | 10    | Weekly                                      | Participation is recorded in each session from session 3. The best 3 of 5 results will count towards the 10 marks.  |
| 2. Written Critique                            | 30%    | Review Report          | 30    | Each week – Submission on Tuesday           | Each week you are expected to provide a full report on a pre-assigned article, starting from week 3. Three written critiques will be submitted. The best 2 of 3 will be taken into account towards the final mark |
| 3. Research Proposal                           | 40%    | Proposal               | 40    | End of term – November 8 <sup>th</sup> 2018 | Details will be provided on Moodle  |

## 5. Office Hours & Student Consultation

It is strongly recommended that students use the Moodle forum to post general questions (e.g. about time, readings, activities or assessment) that might be of interest to the whole class.

Revised and updated information about student consultation will be available on Moodle from Week 1.

Prof Amedeo Pugliese: Students are required to book a consultation time through an online platform (Setmore). Booking is easy:

1. Click and Open the following link: [www.amedeopugliese.setmore.com](http://www.amedeopugliese.setmore.com)
2. Select the relevant activity (Consultation Hours – Teaching) and the name of the instructor (Amedeo Pugliese)
3. Select the date and time that are available. [Be careful that you can only book an appointment starting 8 days in advance of the chosen date and up to 12 hours in advance. For instance, if you wish to book an appointment on Feb 16th you can only book from Feb 9th until Feb 15th at 12am).
4. Once you have booked an appointment, you will receive an email with all relevant details and instructions to amend or cancel your appointment.

Should you experience any issues, please contact me via email at [amedeo.pugliese@unipd.it](mailto:amedeo.pugliese@unipd.it)

## 6. Use of Moodle Platform

All students are strongly encouraged to use the Moodle platform available through the Department webpage (<https://elearning.unipd.it/economia/>). All relevant information about teaching activities, assessment and last-minute updates will be released via Moodle that syncs automatically with your institutional email address. It is required enrolling into the Financial Accounting Course on Moodle. You can self-enrol using the single-sign (SSO) on and your student email address (@studenti.unipd.it).

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**PhD Economics and Management**
**Corporate Governance  
[2018-2019]**

Instructor: Dr Amedeo Pugliese

**Reading List\_v0**
**0. Pre-Requisite Readings**

- Adams, R., & Ferreira, D. (2007). One Share-One Vote: The Empirical Evidence. *Review of Finance*, 12(1), 51–91.
- Bloom, N., Sadun, R., & Van Reenen, J. (2012). The Organization of Firms Across Countries. *The Quarterly Journal of Economics*, 127(4), 1663–1705.
- Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *The Academy of Management Review*, 14(1), 57–74.
- Hart, O., & ZINGALES, L. (2017). Companies Should Maximize Shareholder Welfare Not Market Value. *Journal of Law, Finance, and Accounting*, 2(2), 247–275.
- Hermalin, B. E. (2013, April 12). Corporate Governance.
- Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *The Journal of Finance*.
- Starbuck, W. H. (2014). Why Corporate Governance Deserves Serious and Creative Thought. *Academy of Management Perspectives*, 28(1), 15–21.
- Tirole, J. (2001). Corporate Governance. *Econometrica*, 37.

**Week 1**
Session 1: Foundations of Corporate Governance

- Bebchuk, L. A., & Weisbach, M. S. (2010). The State of Corporate Governance Research. *Review of Financial Studies*, 23(3), 939–961
- Dalton, D. R., Hitt, M. A., Certo, S. T., & Dalton, C. M. (2007). The Fundamental Agency Problem and Its Mitigation. *The Academy of Management Annals*, 1(1), 1–64.
- Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control. *The Journal of Law and Economics*, 26(2), 327.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*.

Session 2: Boards of Directors: Opposing Views

- Garg, S., & Eisenhardt, K. M. (2017). Unpacking the CEO–Board Relationship: How Strategy Making Happens in Entrepreneurial Firms. *Academy of Management Journal*, 60(5), 1828–1858.
- Zhu, D. H. (2014). Group Polarization in Board Decisions About CEO Compensation. *Organization Science*, 25(2), 552–571.
- Faleye, O., Hoitash, R., & Hoitash, U. (2011). The costs of intense board monitoring. *Journal of Financial Economics*, 101(1), 160–181.

*Suggested:*

- Adams, R. B., Hermalin, B. E., & Weisbach, M. S. (2010). The Role of Boards of Directors in Corporate Governance: A Conceptual Framework and Survey. *Journal of Economic Literature*, 48(1), 58–107.
- Lorsch, J. W. (2017). Understanding Boards of Directors: A Systems Perspective. *Annals of Corporate Governance*, 2(1), 1–49.
- Pugliese, A., Bezemer, P.J., Zattoni, A., Huse, M., van den Bosch, F., & Volberda, H. (2009). Boards of Directors' Contribution to Strategy: A Literature Review and Research Agenda. *Corporate Governance: an International Review*, 17(3): 292–306.
- Westphal, J. D., & Zajac, E. J. (2013). A Behavioral Theory of Corporate Governance: Explicating the Mechanisms of Socially Situated and Socially Constituted Agency. *The Academy of Management Annals*, 7(1), 607–661.

**Week 2**Session 3: Financial Information as a Governance Mechanism

- †ARMSTRONG, C. S., CORE, J. E., & Guay, W. R. (2014). Do independent directors cause improvements in firm transparency? *Journal of Financial Economics*, 113(3), 383–403.
- †Kothari, S. P., SHU, S., & WYSOCKI, P. D. (2009). Do Managers Withhold Bad News? *Journal of Accounting Research*, 47(1), 241–276.
- Drake, M. S., ROULSTONE, D. T., & Thornock, J. R. (2012). Investor Information Demand: Evidence from Google Searches Around Earnings Announcements. *Journal of Accounting Research*, 50(4), 1001–1040.

Suggested:

- Bushman, R. M., & Smith, A. J. (2001). Financial accounting information and corporate governance. *Journal of Accounting and Economics*.

Session 4: The Role of Auditing

- †Bruynseels, L., & Cardinaels, E. (2014). The Audit Committee: Management Watchdog or Personal Friend of the CEO? *The Accounting Review*, 89(1), 113–145.
- †Kusnadi, Y., Leong, K. S., Suwardy, T., & Wang, J. (2015). Audit Committees and Financial Reporting Quality in Singapore. *Journal of Business Ethics*.

Lennox, C. S., Wu, X. & Zhang, T. (2014). Does Mandatory Rotation of Audit Partner Improve Audit Quality? *The Accounting Review*, 89(5), 1775-1803.

Suggested:

- Lennox, C. S., & Pittman, J. A. (2011). Voluntary Audits versus Mandatory Audits. *The Accounting Review*, 86(5), 1655–1678.

**Week 3**Session 5: Compensation: Rewards, Incentives and Punishment

- †Chhaochharia, V., & Grinstein, Y. (2009). CEO Compensation and Board Structure. *The Journal of Finance*, 64(1), 231–261.
- †Bennett, B., Bettis, J. C., Gopalan, R., & Milbourn, T. (2017). Compensation goals and firm performance. *Journal of Financial Economics*, 124(2), 307–330.

Suggested:

- Ferri, F., & Göx, R. F. (2018). Executive Compensation, Corporate Governance, and Say on Pay. *Foundations and Trends® in Accounting*, 12(1), 1–103.

Session 6: Do CEOs Affect Company Performance?

Fitza, M. A. (2013). The use of variance decomposition in the investigation of CEO effects: How large must the CEO effect be to rule out chance? *Strategic Management Journal*, 35(12), 1839–1852.

- †Fitza, M. A. (2016). How much do CEOs really matter? Reaffirming that the CEO effect is mostly due to chance. *Strategic Management Journal*, 38(3), 802–811.
- †Quigley, T. J., & Graffin, S. D. (2016). Reaffirming the CEO effect is significant and much larger than chance: A comment on Fitza (2014). *Strategic Management Journal*, 38(3), 793–801.
- Quigley, T. J., & Hambrick, D. C. (2014). Has the “CEO effect” increased in recent decades? A new explanation for the great rise in America's attention to corporate leaders. *Strategic Management Journal*, 36(6), 821–830.

Suggested:

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**Week 4**Session 7 (Prof Mircea Epure, UPF): Management and Organizations: their variation by firm and context

Bloom, N., & Van Reenen, J. (2007). Measuring and explaining management practices across firms and countries. *The Quarterly Journal of Economics*, 122(4), 1351-1408.

Bloom, N., Sadun, R., & Van Reenen, J. (2012). The organization of firms across countries. *The quarterly journal of economics*, 127(4), 1663-1705.

## Suggested:

Guiso, L., Sapienza, P., & Zingales, L. (2006). Does culture affect economic outcomes? *Journal of Economic perspectives*, 20(2), 23-48.

Session 8 (Prof Mircea Epure, UPF): Family Firm Management and Control, and stakeholder management

Bandiera, O., Lemos, R., Prat, A., & Sadun, R. (2017). Managing the Family Firm: Evidence from CEOs at Work. *Review of Financial Studies*, 31(5), 1605–1653.

Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *The Journal of Finance*, 72(4), 1785-1824.

## Suggested:

Bertrand, M., & Schoar, A. (2006). The role of family in family firms. *Journal of economic perspectives*, 20(2), 73-96.

--- end of reading list ---

\* A two-page written critique is required for each paper

† Indicates assigned articles for the presentation in each session (assessment item #1);

Highlighted in **green** the articles designated for the weekly written critique (assessment item #2)