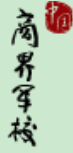




PHBS
北京大学汇丰商学院



Course Code MGT 519 THE BOARD OF DIRECTORS (公司董事会) Module 3, 2021-2022

Course Information

Instructor: ZHU Hong, PhD

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TA Office: PHBS Building, Room 213/214

TA Office Hours: 15:00-17:00pm Tuesday

Classes:

Lectures: 10:30-12:20pm, Monday & Thursday

Venue: Room 421

Wechat Group: will be built during first lecture

1. Course Description

1.1 Context

Course overview

Traditionally board is supposed to take a governance role in companies. Yet, change is coming. Boards are increasingly taking a more active role in strategic decisions that once belonged solely to the Chief Executive Officer (CEO) and his/her top executive team. So, it is essential to understand how boards could contribute effectively to strategic decision making. This course aims to provide a comprehensive understanding of board of directors and how they effectively make strategic decisions in addition to oversight.

This course will cover

1. Boards of established firms vs. startups
2. Boards of Chinese firms and firms headquartered outside of China
3. Chartered Financial Analyst (CFA) materials related to boards

Prerequisites

This course welcomes every student who has strong interests in learning boards of directors. At the same time, **before you register the course**, please pay close attention to the following prerequisites.

1. **The key for you to succeed in this course is to actively participate in group case analyses and discussions in the classroom.**
2. Students are generally required to have completed at least one management course at master/undergraduate level.

1.2 Textbooks and Reading Materials

Course materials will consist of four areas: (1) References; (2) Harvard, Columbia and Ivey cases; (3) CFA materials; (4) Powerpoint slides.

(1) References

One set of the following three references is available at Office 114. You can contact Holly Wan at office 114 to borrow these references.

Ram Charan, Dennis Carey, Michael Useem. 2013. ***Boards That Lead: When to Take Charge, When to Partner, and When to Stay Out of the Way.*** Harvard Business Press.

Brad Feld, Mahendra Ramsinghani. 2013. ***Startup Boards: Getting the Most Out of Your Board of Directors.*** Wiley Publisher.

Larcker, D. & Tayan, B. 2011. ***Corporate Governance Matters: A Closer Look at Organizational Choices and Their Consequences.*** New Jersey: Pearson Education, Inc.

(2) CFA Materials

CFA Institute. 2021. Corporate Governance, the Level 1 CFA Program.

(3) Cases

Harvard cases, one Columbia case and two Ivey cases will be distributed one week before each case discussion.

(4) Powerpoint slides (PPTs)

- 1) We will not use CMS in order to make sure that only students who register for the course will receive the course materials.
- 2) PPT slides without answers will be emailed to you one week before the lectures.
- 3) PPT slides with answers will be emailed to you after each week's lectures.

Recommended Readings: I recommend that you read (or browse) a major business newspaper (e.g., *the Wall Street Journal* or *Financial Times*) on a daily basis. You have heard the phrase "readers are leaders." This is true assuming the reading is relevant. There is a lot to choose from so choose wisely. Most people do not read; this will be a habit that will set you apart.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	No
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes
	2.2. Students will be able to apply leadership theories and related skills.	Yes
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects,	Yes

	provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	Yes
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

2.2 Course specific objectives

This course contains the frontier academic research, a number of examples, and classic and latest Harvard and Ivey cases, regarding board of directors of both established firms and new ventures. The goals of this course are to (1) facilitate students to develop a solid and comprehensive understanding of board of directors including their composition, structure, and decision making in board rooms, etc, (2) offer students fine-grained analyses of how the board monitors, partners with, or leads the management to create value for firms, and (3) prepare students with the knowledge of roles of boards of directors in different stages of firms including startups and established firms. Armed with such in-depth understandings of board of directors, students are more capable of shouldering responsibilities in both startups and established organizations increasingly competing in the global market.

2.3 Assessment/Grading Details

	Assessment Task	Weighting	Sub-item Weighting	Submission (TBD)
I	Class Participation	10%		Each Lecture
II	In-Class Group Case Analyses: Two Group Reports	30%		
	(1) Report 1: Case 1-3		15%	Week 6
	(2) Report 2: Case 4 and 5		15%	Week 9
III	Midterm and Final Individual Reports	30%		
	(1) Midterm report - Board		15%	Week 6
	(2) Final report - Board of Startups and Board in China		15%	Week 9
IV	Final Group Presentations	25%		
	(1) Final Groups			17-Mar
	(2) PPT Drafts			16-Apr
	(3) Finalized PPTs			22-Apr
V	Effective Group Leaders	5%		
	Total	100%		
VI	Bonus (Active Participation)	5%		

*Assignments submitted after the due time will be penalized 10% of the base grade for each 24-hour late.

I. Class Participation (10%)

Please plan to treat this course as an opportunity to practice the professionalism that will serve you well during your career. You owe yourself and your fellow students your presence in the classroom. Meanwhile, please note that nonprofessional behavior (i.e. sleeping in class, chatting with your neighbors during the class time, showing up late to class, reading materials other than those assigned for this class, leaving class early, failing to turn cell phones off, passing notes, eating, rudeness, sarcasm, discrimination, etc.) that creates a distraction is likely to inhibit both your own and your peers classroom learning. As such you can expect that the demonstration of unprofessional behavior will negatively impact your grade in class participation.

Please also note that attendance is a necessary but insufficient condition for participation in a timely manner; this means that simply attending the class is not the same as participating. Participation will be graded on the basis of the quantity and quality of an individual's contribution to classroom discussion. In fact, we learn best when we are actively involved in the activity we are attempting to master (consider riding a bicycle, studying dentistry). According to PHBS regulations, you can have one opportunity to ask for a leave due to business reasons; you can have unlimited times to ask for a leave due to emergencies; and six absences are equal to failure in the course. You can inform TA or email Professor if you can not be on time due to unexpected difficulties/situations. Your score will not be deducted.

Being well prepared for class is a prerequisite for high quality involvement, which in turn better enables you to maximize your learning. Hence, it is virtually important and it is also your responsibility that you always have read in advance the materials that will be covered during the class. Your level of preparation for this class will determine your success. Please come to class prepared. **Please inform TA the number of times you provide your opinions in the end of each lecture.** I expect each of you will provide your quality opinion at least once during a week. As such, you will receive a full grade for participation.

***Note: THE MA OFFICE WILL RANDOMLY CHECK YOUR ATTENDANCE.**

*Students with the University approved excuse (e.g., valid medical proof) will have his or her absence excused for that day. Besides, it is the responsibility of the absentees to consult their peers about what were covered in the class.

II. In-Class Group Case Analyses: Two Group Reports (30%)

Two groups: Group 1 and group 2 will be formed for the following topic discussions respectively: (1) *boards*: Week 1-Week 4; (2) *Boards of Start-ups and Boards in China*: Week 5-Week 8. These two group information including group leaders and members along with the seating chart will be sent to you immediately after add-drop and in Week 4.

Group members: Five students will form a group. To ensure students to experience sufficient interactions with each other and to experience group dynamics, group members will be different across two groups above.

Group leaders: Group 1 will be responsible for case 1-3; and group 2 will be responsible for case 4-5. To ensure every student will have an opportunity to serve as a group leader, group 1 will have three group leaders and group 2 will have two group leaders. Each group leader is responsible for one case. If you have preferences such as cases and time regarding group leaders, please inform TA asap.

Group leaders will be responsible for (a) taking a laptop to the classroom; (b) coordinating group discussion; (c) leading the group to discuss the case with other groups; and (d) submitting a written report on time.

Pre-class preparations: Each group member has to read the case and think about case discussion questions INDEPENDENTLY before class.

In-class group case discussion: In class each group member will discuss your thoughts with your group members; and then groups will exchange and/or debate on ideas.

Two case report submissions: Groups are required to submit group case reports right after (1) case 1- 3 discussions; and (2) case 4-5 discussion. So the submissions are roughly around **Week 6 and Week 9 (TBD)** respectively.

The group reports should include the following contents: (1) *Your key take-away from the*

cases; (2) the description of how your group discusses the cases.

A group report is no more than *single-spaced, 12 point Times New Roman, two-page* long excluding the cover page with a report title, group #, group leader name and group members' names, and reference page.

Grading criteria: The grade is based on your group's grasp of the keys of the cases, correct understandings of the concepts and theories, the breadth and depth of your group's case analyses, your insights beyond the case discussion, and the effectiveness of group discussion in written reports. Every group member receives the same grade.

III. Mid-term and Final Individual Reports (30%)

Two individual reports: *The mid-term report covers the contents of boards; and the final report covers the contents of boards of startups and boards in China.*

Grading criteria: Each report needs to integrate the concepts and theories with the cases of relevant topics. The Professor will grade your individual reports based on the relevance and accuracy of your contents, the logics, rationales and depth of your analyses, the format and your diligence shown in the reports.

Submissions: Each individual report is no more than *single-spaced, 12 point Times New Roman, two-page* long excluding the cover page with your name, student ID number and individual report title, and reference page. Please provide your references to the facts/data in your report. *Please email each report to TA roughly around Week 6 and Week 9 (TBD) respectively.*

IV. Final Group Presentations (25%)

To facilitate students' awareness about, and sensitivity to boards and directors in the business world dynamics, as well as application of what is learned throughout the course, students are required to form groups and prepare a group case presentation in the last two lectures.

Group members: Please email TA your group members (e.g., **five** students) and the group leader before **March 17**. If TA does not receive your preference, TA will assign students into different groups with group leaders.

Group leaders will be responsible for (a) assigning tasks among group members; (b) calling for group meetings to discuss the final project; (c) coordinating among members and facilitating the completion of the final project before the deadline; and (d) submitting the PPTs on time and making sure the quality of the presentation.

Topics: The principle is "first come, first served." Please email TA the name of the board or director of your final presentation as soon as you could, and copy the email to the Professor.

Contents: Your group presentation should include the following parts:

- (1) A brief introduction of a board chair/lead director/corporate board/independent director, etc; and the affiliated company.
 - a) The board chair/lead director/corporate board, etc in your final group project should not be thoroughly discussed in lectures and case analyses.
- (2) Analyses of several key aspects of the board chair/lead director/corporate board, etc. For example,
 - a. Do you think this is an effective board in monitoring the behaviours of the CEO? Why?
 - b. Do you think the board chair/lead director is qualified? Why?
 - c. What are the criteria to be a board member?
 - d. How does the board partner with the CEO to make wise strategic decisions?
 - e. What are the problems associated with the composition of the board?

The above topics are examples. Your final presentations are not limited to these topics. You can cover any topics we discuss in the class.

(3) Conclusion

Submissions: Please email TA the draft of PowerPoint slides before or on **April 16** and copy the email to the Professor. Please email the finalized version of your PPT slides to the TA before or on **April 22**.

Presentation: *The sequence of the presentation will be based on the alphabetic order of the surname of each group leader.* Not every member is required to present and you could send the best presenters. The presentation will last 15-20 minutes excluding 3-5 minutes Q&A session.

Grading criteria include: the number of concepts and theories included in the analyses, accurate understandings of concepts and theories, the application of concepts and theories to

analyze the case, the depth and quality of your analyses, critical thinking, quality of PPTs, presentation quality, professional dress, efforts in the final project, the quality of your answers to the questions, and completion of the presentation within time limit. Marks will be deducted if the time limit is exceeded.

V. Effective Group leaders (5%)

If you are a group leader of in-class case analyses, you will automatically receive 5% given your good efforts and contributions as a group leader.

VI. Bonus (5%)

The number of your quality participation will be counted as described in "Attendance and Participation". In the past years I always have a few outstanding students in class participation. To reward these outstanding students, I set up this bonus. If you provide quality opinions far more than once a week, you will receive a bonus with the maximum 5%.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

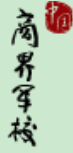
3. Topics, Teaching and Assessment Schedule

Week		Date	Lecture	Contents
1	Monday	21-Feb	1	Introduction
	Thursday	24-Feb	2	The Evolution of Apple Boards
				The Evolution of Boards: Agency Theory and Strategic Leadership Theory The Evolution of Boards: Agency theory and strategic leadership theory
2	Monday	28-Feb	3	Opening Case Opening Ivey case: What is an effective board? Board: Composition and Structure
				Concepts: Board composition and structure I
				Concepts: Board composition and structure II
	Thursday	3-Mar	4	Case Scenario: Design a board before Jumei's IPO @ NYSE I
				Case Scenario: Design a board before Jumei's IPO @ NYSE II
3	Monday	7-Mar	5	International Corporate Governance- Europe, Japan and China
	Thursday	10-Mar	6	Board: Legal Duties and Roles Concepts: Legal duties, board roles, levels of engagement
				Case 1: Columbia Business School Case - Corporate Governance at Hewlett-Packard 1999-2005 Part I
4	Monday	14-Mar	7	Case 1: Columbia Business School Case - Corporate Governance at Hewlett-Packard 1999-2005 Part II
	Thursday	17-Mar	8	Board: Selection, Diversity and Compensation Concepts: Board selection, diversity and compensation
				Harvard Business Review: Culture clash in the boardroom
5	Monday	21-Mar	9	Case 2: Harvard Business Case - Executive compensation at GE (A)
	Thursday	24-Mar	10	
6	Monday	28-Mar	11	Board: Evaluation and Removal Concepts: Board Evaluation and Removal
				Case 3: Ivey Case: Infosys - Peer review at board level
	Wednesday	30-Mar	12	

	Thursday	31-Mar	13	A Startup Board: Growth
				Concepts: The growth of startups and board of startups
				A Startup Board: Entrepreneur and Board
				Case 4: Harvard Business School Case: Pixability: Bettina's Board Walk Part I
7	Thursday	7-Apr	14	Case 4: Harvard Business School Case: Pixability: Bettina's Board Walk Part II
				A Startup Board: Key Three Key Directors
				Concepts: Create a new venture board with three key directors
8	Monday	11-Apr	15	A Startup Board: Meetings
				Concepts: Recruit board members and board meetings
				Board in China: Chinese SOE Boards
	Thursday	14-Apr	16	Case 5: Harvard Business School Case: Baosteel Group: Governance with Chinese Characteristics I
				Case 5: Harvard Business School Case: Baosteel Group: Governance with Chinese Characteristics II
				Board in China: Governance and Leadership Evolution
				Mini-case: 2020 Luckin Cofee
				Mini-case: 2021 Kangmmei Pharmaceutical Co. independent directors
9	Monday	18-Apr	17	Wrap-up
				Final Group Presentations
	Thursday	21-Apr	18	Final Group Presentations



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3. Miscellaneous

Each student is required to join the wechat group. Each student should use his/her real name (Chinese/ English names in this wechat group). Announcements will be posted through the wechat.

In Lecture 3, the group leader of group 1 will be responsible for submitting a group photo indicating each member's Chinese name and English name to TA. The photo should clearly show each member's face and manner.

NOTES:

- (1) The number of students in each group, the number of groups and the presentation time will be decided based on the number of registered students after the add-drop period.
- (2) The number of cases we will discuss will depend on our progress in the module.
- (3) If there is a **free rider** issue in your group, please contact the Professor asap. The free rider will be asked to fulfil the responsibilities asap, to reduce their scores or to drop from the course.