

**Course Code MGT 519**  
**THE BOARD OF DIRECTORS (公司董事会)**  
**Module 3, 2019-2020**

**Course Information**

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Office Hours: 10:30am-12:30pm Monday & By Appointment

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TA Office: PHBS Building, Room 213/214

TA Office Hours: 8:00-10:00pm Tuesday

***Classes***

Lectures: 8:30-10:20am, Monday & Thursday

Venue: PHBS Building, TBD

**Wechat Group:**

2020M3 BoD

**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**

Students are generally required to have completed at least one management course at master/undergraduate level. If students do not meet the prerequisite requirement, you must show

the professor the evidence that demonstrates you have adequate academic backgrounds to complete the course.

## **1.2 References 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 Jane Liu 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. 2019. 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.

## **4. Learning Outcomes**

### **2.1 Intended Learning Outcomes**

<b>Learning Goals</b>	<b>Objectives</b>	<b>Assessment</b>
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	Yes

	theories and related skills.	
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, provide a solution and defend it.	Yes
	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
I	Class Participation	10%
II	In-Class Group Case Analyses: Written Reports	30%
III	Final Individual Reports	30%
IV	Final Group Presentations	25%
V	Effective Group Leaders	5%
	Total	100%

\*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).

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.**

**\*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: Written Reports (30%)**

**Group members:** Group members (4-6 members) will be assigned at least one week before each group case discussion. TA will send you the seating chart indicating groups through emails/wechats one week before each group case discussion. To ensure students to experience sufficient interactions with each other and to experience group dynamics, group members will be different across six group case discussion.

**Group leaders:** TA will assign a group leader. Every student will have one opportunity of being a group leader including being the group leaders of final group projects. If you prefer being the group leader of group final projects, please inform TA as soon as possible.

Group leaders will be responsible for (a) taking a laptop to the class; (b) coordinating group discussion; (c) leading the group to discuss the case with other groups. You can agree or disagree with other groups' opinions. If you disagree, you need to tell the rationales. You are welcome to provide different insights; 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.

**Post-class written report submissions:** A written report is no more than *three-page* long excluding the cover page with case title, case #, group #, group leader name and group members' names, and references; and typed in **double-space** and **12 point Times New Roman**. Please submit it before **10:00pm, Sunday** of the week when the case is fully discussed.

This written report should include the following contents:

- (1) A summary of this case that includes key points we discuss in the classroom (around 2 pages)
- (2) Your thoughts about the case beyond our class discussion, if any (around one paragraph).
- (3) The description of how your group discusses the case. For example, how does the group leader lead group discussion; how does each member contribute to group discussion? What does each member contribute? Do you think this round of group discussion is efficient?

how do you debate with each other? What could be improved to increase the efficiency and effectiveness of group discussion? etc. (half page)

In your written reports, you should prioritize point (1) and (3), though you are encouraged to have your own insights beyond our case discussion (point 2).

**Grading criteria:** In the end of the class, the professor will randomly pick up three cases among five (or six) cases; and grade your group performance of these three cases. The grade is based on your group's 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. Final Individual Report (30%)

**Contents:** In the end of the class each student is required to submit an individual report. The final individual report is the reflection of what you have learned in the course. You could focus on a few key concepts/theories and use cases and examples to illustrate these key concepts/theories.

**Grading criteria:** The individual report is no more than *three-page* long excluding the cover page with your name, student ID number and individual report title, and references; and typed in *single-space* and *12 point Times New Roman*. Please provide your references to the facts/data in your writing. *Please email your individual report to TA and copy the email to the Professor before 10:00pm, April 19.* The Professor will grade your individual report 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 report.

### IV. Final Group Project: Presentation (25%)

To facilitate students' awareness about, and sensitivity to CEOs and TMTs in the business world dynamics, as well as apply what is learned throughout the course, students are required to form groups and prepare a group case presentation in the last lecture (April 16).

**Group members:** Please email TA your group members (4-6 students) and the group leader before **March 19**. 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 CEO/TMT 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 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 13 and copy the email to the Professor. Please submit the finalized version of your PPT slides to the TA before 10:00pm on April 16.

**Presentation:** The sequence of the presentation follows the alphabetical sequence of each group leader's surname. 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, you will automatically receive 5%.

### **2.4 Communications**

TA will be responsible for creating a wechat group (2020 BoD Course) for this course. 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 2, each group leader of case 1 will be responsible for submitting a group photo indicating each member's Chinese name and English name to TA and copy the email to me. 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.

### **2.5 Academic Honesty and Plagiarism**

#### **Course materials and assignments**

1. Please do not share course materials with students who do not register for the course.
2. Please complete your assignments by yourself.

If you violate the above regulations, please refer to Handbook for PHBS students for relevant punishments as shown below.

#### **Handbook for PHBS students**

Please refer to Handbook for PHBS students. 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*.

**Topics, Teaching and Assessment Schedule** (\*The temporary one: we will adjust the schedule on the basis of our progress.)

Week		Date	Lecture	Contents
1	Monday	17-Feb	1	Introduction & The Evolution of Apple Boards
	Thursday	20-Feb	2	<b>Opening Case</b>
				Opening Ivey case: What is an effective board?
2	Monday	24-Feb	3	<b>Board: Composition and Structure</b>
				Concepts: Board composition and structure
	Thursday	27-Feb	4	Case Scenario: Design a board before Jumei's IPO @ NYSE
				International Corporate Governance- Europe, Japan and China
				Concepts: Board legal duties
3	Monday	2-Mar	5	<b>Board: Roles</b>
				Concepts: Board roles, levels of engagement
	Thursday	5-Mar	6	Case 1: Columbia Business School Case I: Corporate Governance at Hewlett-Packard 1999-2005 Part I&II
4	Monday	9-Mar	7	<b>Board Selection, Diversity and Compensation</b>
				Case 1: Columbia Business School Case I: Corporate Governance at Hewlett-Packard 1999-2005 Part III&IV
				Concepts: board selection, diversity and compensation
	Thursday	12-Mar	8	Case 2: Harvard Business Case II: executive compensation at GE (A)
5	Monday	16-Mar	9	<b>Board Diversity: Culture in the board</b>
				Exercise: Power Distance Value in the Board Room
				Reference 1: Huang, Zhi., Zhu, Hong., & Brass, Daneil. 2017. Cross-border acquisitions and the asymmetric effect of Power Distance value difference on long-term post-acquisition performance. Strategic Management Journal, 38 (4): 972-991
				Video: GUNO
	Thursday	19-Mar	10	Harvard Business Review: Culture clash in the boardroom
				<b>Board: Evaluation and Removal</b>
6	Monday	23-Mar	11	Concepts: Board evaluation and removal
	Thursday	26-Mar	12	Case: Ivey Case: Infosys: Peer review at board level
				<b>Board: Change to Partner with Management</b>
				Case 3: Case Globalizing the company Boards: Lessons from China's Lenovo

7	Monday	30-Mar	13	<b>The Design of Chinese SOE Boards</b>
				Case 4: Harvard Business School Case: Baosteel Group: Governance with Chinese Characteristics
	Thursday	2-Apr	14	<b>A Startup Board: Growth</b>
				Concepts: The growth of startups and board of startups
8	Monday	6-Apr	15	<b>A Startup Board: Case</b>
				Case 5: Harvard Business School Case: Pixability: Bettina's Board Walk
	Thursday	9-Apr	16	<b>A Startup Board: Three members</b>
				Concepts: Create a new venture board with three members
9				<b>A Startup Board: Board Members and Meetings</b>
	Monday	13-Apr	17	Concepts: Recruit board members and board meetings
				Wrap up & Opening case What is an effective board?
	Thursday	16-Apr	18	Final Group Presentations

