

### Course title: CORPORATE GOVERNANCE

Lecturers	Assoc. Prof. Marina Klačmer Čalopa, Ph.D., Ivana Đunđek Kokotec, M. econ., Karolina Kokot, M. econ.
Language of instruction:	Croatian and English
Schedule:	60 teaching hours - 4 hours per week (2 hours lectures + 2 hours seminars)
Study level	Master
Study programme	Economics of Entrepreneurship
Semester	Winter
ECTS	5
Goal	The goal of course is to introduce students to the basic principles of corporate governance and ethics that apply in managing socially responsible private companies, financial institutions and state enterprises.
Content	<p>After completing and passing the course students will be able to:</p> <ul style="list-style-type: none"> <li>• <b>Understand</b> the role of corporate governance in companies and a framework for socially responsible business society.</li> <li>• <b>Explain</b> the interaction of corporate governance from legal, organizational, financial and IT aspects of business society.</li> <li>• <b>Analyze</b> models of corporate governance according to the structure of government institutions.</li> <li>• <b>Apply</b> knowledge of financial statements and indicators with the aim to understand corporate reporting as a basis for achieving business success.</li> <li>• <b>Demonstrate</b> critical thinking and understanding of the advantages and disadvantages of different models of management remuneration.</li> <li>• <b>Discuss</b> the trade associations considering the implementation of best practice corporate governance.</li> <li>• <b>Explain</b> and critically <b>evaluate</b> the processes of corporate governance due to modern information-communication environment.</li> </ul> <p><b>1. Corporate governance</b> (2 hours) - Introduction to the subject - the goals and purpose of the course, books and obligations of students. Conceptual definition of corporate governance. Corporate governance and competition. Corporate governance in the function of strengthening the competitiveness of enterprises.</p>

	<p>Models of corporate governance: Single tier Board and Two-tier Board. Changes to the Corporation Acts.</p> <p><b>2. Theoretical approaches to corporate governance</b> (2 hours) – Agents theory and corporate governance. Definition and problems of the study. Basic assumptions and reasons for contractual relations. Asymmetry of information Agency cost. Equilibrium effects on the efficiency of the relationship. Other theoretical approaches to corporate governance - Stakeholder theory (categorization interests of stakeholder groups – Flower model), the stewardship theory. Basic assumptions of other theoretical approaches to corporate governance.</p> <p><b>3. Corporate governance in Croatia</b> (2 h) - Issues of corporate governance model in post privatization period. Croatian privatization model. Corporate governance and capital market development. Regulation and turnover in the capital market in Croatia. Institutional investors and their role in corporate governance. The quality of corporate governance in joint stock companies.</p> <p><b>4. Experiences of other countries in corporate governance</b> (2 hours) - Western experience with corporate governance (France, Germany, Netherlands etc.). The main features of the German corporate governance system. The main features of the Japanese corporate governance system. The main features of the Anglo-American corporate governance. Privatization and corporate governance - examples of transition countries (Slovenia, Hungary, Czech Republic ...).</p> <p><b>5. Privatization and the new rulers</b> (2 h) - Dominant effects of corporate governance in Croatia after the privatization. Characteristics of corporate governance in private companies. Social research in Croatia. Institutional owners and management business take over. Managerial ownership - a comparative analysis of Croatia and Slovenia. Managers - the company's ownership structure. The problems of corporate governance by the ownership structure of enterprises. Analysis of the data of the Central Depository and Clearing Agency (SKDD).</p> <p><b>6. OECD Principles of Corporate Governance</b> (2 h) - History of the OECD. Mission and vision of the OECD. The main objectives of the OECD. The structure of the organization. Statistics OECD. The role and requirements of the OECD by member states. The role and requirements of the OECD to Croatia. Development of OECD principles throughout history. The role of Britain in development. The importance and purpose of the OECD principles of corporate governance. Shareholder rights. Equal treatment of shareholders. The role of stakeholders in corporate</p>
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	<p>governance. Disclosure and transparency. Responsibility of the Supervisory Board. Analysis of compliance of corporate governance with OECD principles. The index of corporate governance.</p> <p><b>7. Code of Corporate Governance (2 h)</b> – Law regulation of corporate governance - the Corporate Act, The Capital Market Law, the Law on Credit Institutions. National Code of Corporate Governance (ZSE and HANFA). Organizational and financial arrangement of the implementation of corporate governance. Association for the promotion of corporate governance in Croatia - CROMA, HUCNO.</p> <p><b>8. Characteristics of corporate governance in state-owned enterprises (2 h)</b> - OECD Guidelines and code for corporate governance in state enterprises. How to manage state-owned enterprises? State officials and their role in the supervisory boards of state enterprises. Monitoring the process of corporate governance in state enterprises.</p> <p><b>9. Characteristics of corporate governance in financial institutions (2 h)</b> - Corporate governance in banks. Corporate governance in investment funds. The role of CNB in the implementation of corporate governance. CNB documents on corporate governance in banks. Analysis of the implementation of the principles of CG in the financial institutions.</p> <p><b>10. The role of the supervisory board of business enterprises (2 h)</b> - Key dimensions of the work of the Supervisory Board. Choosing the members of the supervisory board and the differences depending on the model of corporate governance. Legal powers of the supervisory board. Subcommittees. Persistence of sub-committees in Croatia. The election of members of the Supervisory Board. Investor Relations. Shareholder rights in Croatian enterprises. Relations with the administration. Analysis of members of the supervisory board in Croatian companies. Key dimensions of the supervisory board action.</p> <p><b>11. Salaries and remuneration of management models (2 h)</b> - Mechanisms of corporate governance. Strategy management compensation. Reward management. Salary structure of supreme managers. Factors affecting the manager's salary. Remuneration of members of the supervisory board. Models and ethics of the salary. Short-term and long-term incentives. Bonuses. Equity options. Severance packages - Golden parachute. Pension programs and life insurance.</p>
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	<p>Analysis of managerial salaries in the United States, Europe and countries in transition.</p> <p><b>12. Social responsibility of companies and business performance</b> (2 h) - Corporate Social Responsibility. Business justification for Corporate Social Responsibility. Initiatives related to promoting socially responsible business. Principles of corporate social responsibility. Corporate finance and control. Business Intelligence. Modern regulation of corporate reporting. Corporate reporting in the U.S., Europe and Croatia. Corporate reporting on the Internet. Committee on internal audit and oversight.</p> <p><b>13. Rules and financing of employee stock ownership plans</b> (2 h) - Development of employee stock ownership in the world. USA. Insurance funds. Formation of dividend policy. The basic rules of design: stock companies have all employed workers, the ordinary/ preference shares; there are no external members, quitting of the program. ESOP programs in Croatia. Employee participation in decision-making. Analysis of the companies that implemented employee stock.</p> <p><b>14. Holding ratio</b> (2 h) - Control of the company – different classes of shares, voting methods, majority against cumulative voting, nomination of candidates. Advantages and disadvantages of holding relationships. Protection of small shareholders - proportionality, pre-emption rights, the general regulations. Processing components of corporate governance. Processes related to strategic planning.</p> <p><b>15. Corporate governance and previous research</b> (2 h) - Analysis of the implementation of best corporate governance practice in Croatia. Reasons and results of introducing the principles of corporate governance.</p>
<b>Preconditions</b>	Students should have basic knowledge of organization and management, legal frameworks of trade associations, as well as an understanding of the functioning of capital markets. Students should be acquainted with the system for e-learning.
<b>Realization and examination</b>	<p>Classes: Lectures, seminars and laboratory exercises</p> <p>Exam: Written and oral exam and seminars</p>
<b>Literature</b>	<p><b>Basic:</b></p> <p>Tipurić, Darko i suradnici: Korporativno upravljanje, Sinergija, 2009</p>