

National Research University Higher School of Economics

Campus in Nizhny Novgorod

Faculty of Management

Course Syllabus

‘CORPORATE GOVERNANCE IN TRANSNATIONAL COMPANIES’

Bachelor’s program in Management

38.03.02 – Management

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Confirmed by the Department of General and Strategic Management

«03» September 2016.

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Recommended by the Academic council of the program

«30» August 2016, protocol № 1

Approved «30» August 2016

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Nizhny Novgorod 2016

Syllabus

1. Course Description

a. Title of a Course

CORPORATE GOVERNANCE IN TRANSNATIONAL COMPANIES

b. Pre-requisites

The target audience for the course is students of the bachelor's educational program **Management**, Faculty of Management, HSE – Nizhny Novgorod. First of all, the course is designed for students of the concentration **Business Strategies**, familiarized with such disciplines as Human Resources Management, Organization Theory and Organizational Behavior, Corporate Governance. Fluent English (both written and oral) is required to deal with the content of the discipline and pass the final exam successfully.

c. Course Type

The course is elective for students of the program. The decision is made as students choose the concentration within the bachelor's educational plan. Once the decision of a student is **Business Strategies**, the course is included in student's set of disciplines.

d. Abstract

In line with the course, corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Corporations can be conceived as both commercial and non-profit governmental and non-governmental organizations (NGO, for instant international charity foundations). However, the focus of the discipline is limited to the corporate governance in business entities of transnational nature. Transnational NGOs are considered only by comparing their governance models and styles with the ones used by businesses.

With the globalization of corporate activity, capital movement and foreign direct investment, offices and representatives of transnational companies can be found in every corner of world. Quite a lot of businesses in Russia are controlled now by foreign multinational corporations directly or affiliated with them. At the same time, some Russian companies declare strategies to operate in pan-Eurasia or even worldwide.

According to Rosstat, there are 2050 enterprises with foreign participation on the territory of the Volga Federal District.

Therefore, the course is aimed at meeting growing needs as graduating students would be acquainted with corporate culture, practices and techniques of transnational companies.

2. *Learning Objectives*

This course will study fast-evolving practices of transnational corporate governance and provide students with a deeper understanding of political, legal and economic conditions under which they are developing.

3. *Learning Outcomes*

At the completion of the course requirements students will learn:

- key terms of corporate governance;
- contemporary models and tools of corporate governance, typology of transnational companies, principles of corporate governance regulation (global, regional, national);
- models of organizational structure of TNCs;

be able to:

- discuss (in written and verbal forms) topics related to corporate governance in TNCs;
- define and analyze models and tools of corporate governance in TNCs;
- select and adapt best practices of corporate governance in TNCs;

get experienced in:

- presentation (in written and verbal forms) of reports on topics related to corporate governance in TNCs;
- analysis of legal corporate documents and local regulation acts.

4. *Course Plan*

Student gets 6 credits at the completion of the course.

No	Issue	Total hours	Contact hours		Self-guided work
			Lecture	Practic	
1	Course Introduction	16	4	2	10
2	External environment	32	6	6	20
3	Internal Affairs: Structure	20	6	4	10
4	Internal Affairs: Corporate Law	34	6	8	20

5	Internal Affairs: HR-management & communications	32	6	6	20
6	Transnational NGO	46	-	6	40
	Total	180	28	32	120

Issue 1. Course introduction / Basic theory.

The sessions provide a roadmap for the course and familiarize students with key facts and definitions on transnational companies.

Historical overview. First transnational (multinational, cross-border) corporations - East India Company, arose in 1600 and the Dutch East India Company, founded 1602. Colonialism. The Industrial Revolution. Capitalism.

Globalization of corporate activity, capital movement and foreign direct investment. Economic integration and free trade zones. Contemporary political conjuncture.

Main definitions: multinational corporation / worldwide enterprise / international corporation / transnational corporation / stateless corporation. Official definition of TNC by the United Nations Conference on Trade and Development ([http://unctad.org/en/Pages/DIAE/Transnational-corporations-\(TNC\).aspx](http://unctad.org/en/Pages/DIAE/Transnational-corporations-(TNC).aspx)).

Statistics on TNCs' role in World / National / Regional economies (Tables and Charts on Transnational Corporations).

Typology of transnational companies.

Main models of corporate governance. National variations of typical models of corporate governance.

Interactive work with students (brainstorm session). Students (the whole group) are to enumerate and list TNCs operating in the region. Describing companies (not brands) the group needs to define criteria and attributes of TNCs. The main question is "Which signs make us know that this company is a TNC?"

The session is ended with the joint discussion on the issue.

Issue 2. External environment (shaping corporate governance in TNCs)

The sessions depict the complex of public-private affairs with the participation of TNCs including their co-operation with national and supra-national authorities.

Multiple arenas of corporate governance regulation in Russia and abroad.

- Global (OECD principles, International Financial Reporting Standards - IFRS). Transnational companies as actors of World Politics and Economy.
- Regional (EU Takeover Directive Recommendation of adoption of IFRS by EFRAG). The transformation of corporate governance regulation in the EU: From harmonization to marketization.

- National (example: Sarbanes-Oxley German Corporate Governance Code).

The Russian Code of Corporate Governance (2014) and the Russian Code of Corporate Conduct (2002).

Legal status of TNCs in accordance with the Civil Code of the Russian Federation. Legal regulation of Corporate Governance.

Private International Law on Corporations. Conflict of laws (collisions). Off-shores as peculiar jurisdictions for corporations. Transnational off-shore corporations.

Particular conditions for TNCs operating – in Special Economic Zones or under sanctions.

A. Interactive work with students (case study): Transforming activities of a company due to unfavorable external conjuncture. New governance solutions for the American company *Autodesk* in Russia in the period of sanctions. See *Annex 1*.

B. Interactive work with students (discussion): Analyzing the activity of the Governor's Council for Investments (Nizhny Novgorod region).

- Is it a body determining corporations' life in the region?
- Does the Council provide conditions for good governance style by facilitating foreign corporations' entering the local market?

Group course assignment starting (see the full description below).

Issue 3. Internal Affairs: Structure

The sessions provide a critical overview of different structure models used by transnational companies to organize their cross-border and even world-wide operating.

Brief overview: evolution of organization structure models of multinational corporations.

Typology of International Configurations.

Multinational Organizational Structure:

- subsidiary model
- geography-based organizational model
- product alignment model
- function model
- matrix model.

Classical approach of centralizing governance (hierarchy) versus distributed structure.

Networking in up-to-date TNCs.

Particular structural subdivisions of TNCs responsible for transnational matters (distinguished TNCs from other corporations).

Interactive work with students (case study): “Global giant organizational structure”. Intel as a pattern of TNC operating globally. Live dialogue with a senior manager of the company responsible for organizing cross-border trans-Atlantic team-work. Meeting with the Big-data project lead.

Group course assignment continuation (see the full description below).

Issue 4. Internal Affairs: Corporate Law

The sessions present the system of corporate law in its interdependence and correlation with labor law applicable in TNCs.

Sources and main definitions of corporate law. Russian corporate law as an inalienable part of the Civil Legislation. The definition of Entrepreneurial activity in line with Article 2 of the Civil Code. Corporate rights, obligations and responsibilities of TNCs in accordance with the Russian Civil Code and specific Federal Laws.

Overlapping of jurisdictions under which TNCs are operating.

Local law of a corporation. Local regulation and types of local acts of a corporation.

Mandatory bodies of corporate governance in different types of legal entities registered under Russian law. Mandates of governance bodies in TNC:

- The highest body (general shareholders' meeting)
- Supervisory body
- Board of directors.
- Collegial executive body
- Chief executive officer

Labor laws and employment relationship at law. Specific traits of employment agreements with TNCs. Recruitment and dismissal processes in TNCs.

Social guarantees for employees. International standards of social guarantees in corporations.

Rotation and mobility in transnational companies.

Interactive work with students (case study): Studying overlapping obligations of a transnational corporation under several jurisdictions. UniCredit Bank forming corporate law and realizing practical measures to counter money laundering in accordance with Russian, US and EU legislation simultaneously.

Link: UniCredit Bank in Countering money-laundering and terrorism financing // <https://www.unicreditbank.ru/ru/about/issuer-information/issuer-additional/aml.html>

Group course assignment continuation (see the full description below).

Issue 5. Internal Affairs: Human Resource-management and communications

The sessions explore specific HR and communication tools used in TNC-governance.

The concept of cross-cultural management and its implication in governing TNCs.

The phenomenon of Cultural diversity in a globalized business world. Practices of building up successful intercultural teams.

The Concept of Cultural Intelligence (CQ). Assessment of Cultural Intelligence.

Corporate culture in TNCs – combining global values and local peculiarities. The concept of Glocalization (Robertson).

Communications in daily routine of a transnational company. Communications system and tools. Dissemination of inner corporate information.

Non-disclosure policy. Protection of corporate information.

Protection of commercially confidential information.

Interactive work with students (practical session): Assessment of CQ index using prepared and approbated technology. What do the outcomes mean? How the index can be evaluated in dynamics? Why is it important for forming intercultural working teams?

Group course assignment continuation (see the full description below).

Issue 6. NGO

This practical session is devoted to comparing transnational governance policy and practices in businesses, from one hand, and non-profit non-governmental organizations (NGO), from another.

The students are to prepare the report (home work) and present it during an in-class session. This group assignment is to be devoted to a case study of corporate governance in a chosen NGO.

5. Reading List

a. Required

Civil Code of the Russian Federation (Гражданский кодекс Российской Федерации, часть 1; часть 3 раздел VI Международное частное право)

Code of Corporate Conduct and Code of Corporate Governance (Кодекс корпоративного поведения и Кодекс корпоративного управления) // http://www.cbr.ru/sbrfr/archive/fsfr/ffms/ru/legislation/corp_management_study/index.html#6. Unofficial translation in English is available at http://www.ecgi.org/codes/code.php?code_id=420

Overbeek, H. van Apeldoorn, H. Nolke, A. (eds) (2007) *The Transnational Politics of Corporate Governance Regulation*, Routledge.

b. Optional

Ang, S., Van Dyne, L. (2008). *Handbook of Cultural Intelligence: Theory, Measurement and Applications*. M.E. Sharpe, Armonk, New York.

Berger, S. and Dore, R. (eds) (1996) *National Diversity and Global Capitalism*, Cornell University Press, Ithaca, NY.

Blair, M.M. (1995) *Ownership and Control: Rethinking Corporate Governance for the Twenty-first Century*, Brookings Institution Press, Washington, DC.

Brett, J., Behfar, K., Kern, M.C. (2006) *Managing Multicultural teams*. *Harvard Business Review*. 84 (11): 84-91.

Carr, Indira. *International Trade Law*. Fourth edition. Routledge, 2009.

Cernat, L. (2004) *The emerging European corporate governance model: Anglo-Saxon, continental, or still the century of diversity?*, *Journal of European Public Policy*, 11 (1), pp. 147–66.

Cutler, C. (2003) *Private Power and Global Authority: Transnational Merchant Law in the Global Political Economy*, Cambridge University Press, Cambridge.

Davey, William J. Jackson, John. *International Economic Law: Future of International Economic Law*. Oxford University Press, 2008.

Gilson, R.J. *Globalizing corporate governance: convergence of form or function* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=229517

Grandori, A. (ed.) (2004) *Corporate Governance and Firm Organization*, Oxford University Press, Oxford.

Foot, R., MacFarlane, S. and Mastanduno, M. (eds) (2003) *US Hegemony and International Organisations: The United States and Multilateral Institutions*, Oxford University Press, Oxford.

Koffman L., Macdonald E. (2010) *The Law of Contract*. 7th Ed. Oxford.

McKendrick E. (2011) *Contract Law*. 9th Ed. Palgrave Macmillan.

Ng, K.Y., Van Dyne, L., & Ang, S. (2009). *Developing global leaders: The role of international experience and cultural intelligence*. In W.H. Mobley, Y. Wang, & M. Li (Eds.), *Advances in global leadership*.

Pitelis, Christos; Roger Sugden (2000). *The nature of the transnational firm*. Routledge.

Poole J. (2012) *Casebook on Contract Law*. 11th Ed. Oxford.

Poole J. (2012) *Textbook on Contract Law*. 11th Ed. Oxford.

Trachtman, Joel P. (2008) *Economic Structure of International Law*. Harvard University Press.

Trebilcock M.J. (2011) *Understanding Trade Law*. Edward Elgar Publishing.

Trebilcock M., Howse R., Eliason A. (2012) *The Regulation of International Trade*. 4th Ed. Routledge.

E-resources:

Index of Codes of Corporate Governance of different countries available at the official web-site of the European Corporate Governance Institute in Brussels // http://www.ecgi.org/codes/all_codes.php

International Economic Law & Policy Blog // <http://worldtradelaw.typepad.com/>

UniCredit Bank in Countering money-laundering and terrorism financing // <https://www.unicreditbank.ru/ru/about/issuer-information/issuer-additional/aml.html>

6. Grading System

Control	Type of control	4 th year		Description
		1	2	
In-process assessment	Module assignment	*	*	TNC governance system analysis (group assignment). Written report and verbal presentation (report requirements: 14-15 thousands symbols).
	Homework		*	Case study (group assignment). Written report and verbal presentation on a case (report requirements: 9-10 thousands symbols).
Final	Exam		*	Individual assignment. Written test with multiple choice and open questions.

7. Guidelines for Knowledge Assessment

All grades (G) vary on a scale from 0 to 10, where 10 is the highest and 0 is the lowest grade.

$G_{\text{cumulative}} = 0,2 \times G_{\text{home work}} + 0,5 \times G_{\text{module assignment}} + 0,3 \times G_{\text{in-class performance}}$

$G_{\text{final}} = 0,8 \times G_{\text{cumulative}} + 0,2 \times G_{\text{exam}}$

In-class performance includes individual and group assignments that should be completed by the end of the class sessions for which they are assigned. In-class assignments will be provided as case study, research projects and project-based learning. Students should be prepared for in-class sessions (read cases, papers, study data etc.) to discuss issues and questions.

All assignments assume that students should apply contemporary models, frameworks and tools of corporate governance as well as principles of critical thinking, cooperation and team working.

Individual assignments:

1) See appendix 2 for a sample of the final test questions (exam). Test questions are based on issues learned and questions (including cases) discussed during in-class sessions or assigned to self-guided work at home.

Group assignments:

- 1) See appendix 1 for a case sample.
- 2) See *Interactive work with students* in brief descriptions of each issue.
- 3) Module group assignment

Case study of Corporate governance in a TNC

Students work on a project as a team of 3-4 people. Before the end of the 1 practical session, every team should chose a TNCs representing in Nizhny Novgorod or in the region. All teams should study different companies. Prior to start the work each team must get a confirmation from the lecturer that a company fits the requirements for the assignment.

The analysis of TNCs by groups must follow the logic of the course. Each issue studied must be reflected in the project as follows:

- External environment
- Internal Affairs: Structure
- Internal Affairs: Corporate Law
- Internal Affairs: HR-management & communications.

Students are strongly recommended to prepare each part of the project in parallel with appropriate in-class sessions and consult the lecturer if needed.

Final reports of groups must not exceed 15 thousand symbols. All teams will present their reports during the final session. Each team have up to 15 minutes for presentation and 5 minutes to answer questions. All teams should send their final DOC-report and a copy of PPT presentation to the lecturer by email 3 working days before the final session.

All team members are not obliged to make verbal presentation on report for their team, but all team members must attend final session, be prepared to describe their role in the project (if asked) and participate in the discussion on presentations.

4. Home work – see the description of Issue 6.

8. Methods of Instruction

Course is based on the combination of traditional in-class activities (lectures, master-classes of TNCs' senior officials and employees), reading and interactive forms of education. Case-studies, cross-analysis, open discussions and role plays will be the key-forms of seminars what will enable students to become actively involved participants of

the educational process. Group work (module assignment and home work assignment) is essential to reach the declared learning outcomes of the discipline.

9. Special Equipment and Software Support (if required)

Standard equipment for presentations, video-translations and Skype-sessions is required.

Students are asked to bring their own laptops to work on in-class assignments. Laptops may be used during in-class sessions only for taking notes and working on assignments.

Annex 1. Case sample**Autodesk case.**

Autodesk, Inc. is an American multinational software corporation that makes software for the architecture, engineering, construction, manufacturing, media, and entertainment industries. Autodesk is headquartered in San Rafael, California. The company has offices worldwide, with the Russian location in Moscow (ООО «Аутодеск Си-Ай-Эс).

The company was founded in 1982 by John Walker, a coauthor of the first versions of AutoCAD, the company's flagship computer-aided design software.

Autodesk's Media and Entertainment division creates software for visual effects, color grading, and editing as well as animation, game development, and design visualization. 3ds Max and Maya are both 3D animation software used in film visual effects and game development.

The official web-site of the company <http://www.autodesk.com/>

Assignment for students

Listen to a senior officer of the company (Marketing Lead - Skype session / video record) and answer the following questions:

- Why did the company have to change its governance policy after the West implied sanctions against Russia?
- Which decisions did the leadership of Autodesk undertake in order to adapt for new unfavorable conditions?
- Which sides of corporate governance (structure, HR, marketing etc.) were affected by the changing company policy?
- What could be your personal management solutions to follow in described conditions if you were a senior official of a company?

Annex 2. Final test – question samples**Multiple choice question:**

Does the Federal Legislation oblige transnational companies to register their affiliates (branches) in Russia as Public Joint-Stock Companies (Публичные акционерные общества)?

- a) Yes, in any case
- b) No
- c) Yes, but only in certain domains, for instance in Agriculture

Open question:

What is *CQ index* and in what way this concept can help to form efficient teams in TNCs?