



Corporate Governance in Market and Transition Economies

COURSE DIRECTOR: *Marek Hessel* (Fordham University)

RESOURCE PERSONS:



Purpose of the Course:

The purpose of this course is to encourage and prepare select Central and East European educational institutions to develop corporate governance courses as part of their graduate degree curricula. The course, offered jointly by the CEU Economics Program and the CEU Privatization Project, is designed for faculties of institutions offering graduate degrees in business, economics or law. It presents the key concepts of corporate governance, discusses various institutional arrangements of governance, and analyzes their impact on performance of market and transition economies.

Course Description:

This two-week course will include lectures, structured discussion forums, and curriculum development workshops.

Program Outline:

1. *Property and Markets.* Private property, economic organization and market economy; motivation and information under market institutions; forms of private property and economics of property rights; property rights and market efficiency.
2. *Ownership and Control.* Ownership rights and ownership responsibilities; residual control, residual returns, and efficient assignment of ownership claims; ownership and control; problems of incomplete contracts and performance incentives; property rights and theories of the firm.
3. *Corporate Governance.* Meaning and characteristics of public corporations; ownership structure, ownership incentive and corporate control; the Berle-Means corporation and separation of ownership and control; internal and external governance mechanisms; insider and outsider systems.
4. *External Governance Controls.* Product markets, financial markets and corporate performance; institutions and instruments of financial markets; corporate performance and market allocation of investment capital; financial structure, ownership and corporate control.
5. *Internal governance Controls.* Structure of corporate ownership and effectiveness of internal control; governance, management and corporate accountability; composition and responsibilities of corporate boards; conflicts of interest and standards of conduct.
6. *Institutional Ownership and Corporate Control.* Institutional ownership and corporate governance; active investing, corporate restructuring and corporate performance; institutional investors, corporate claimants and effectiveness of institutional oversight; governance of institutional investors. ►

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Course Description (continued):

7. *Corporate Governance in Transition Economies.* Mass privatization, ownership structure and private property regime; insiders, outsiders and the state; investment funds, corporate control and corporate restructuring; conflicts of interest and standards of conduct.

8. *Board Processes and Conduct.* Board organization, board membership and board competencies; conflicts of interest and norms of conduct; board committees and organization of board activities; standards of board meetings and procedures.

Course Dates:

July 8-19, 1996

Application Deadline:

April 1, 1996