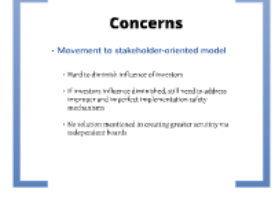
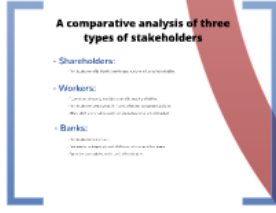
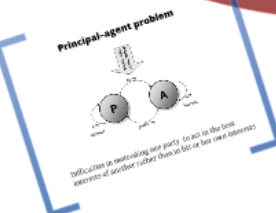
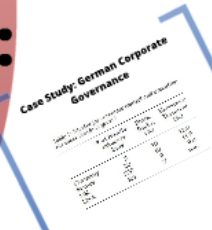


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Responsibilities to Society: The Capitalist's Contract, Module Note



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Conclusion



- Different conceptions of the firm prevail in different countries.
- Different institutional environment matter.
- Dynamic nature of corporate governance involves various active roles of agents on governance mechanism
- Strong corporate governance involves ethical norms, independent board of directors, compensation & audit committee.

Topic and Purpose

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• "Stakeholder Rights and Corporate Governance: A Cross-National Study of Hostile Takeovers" analyze three types of stakeholders to advance their interests, resulting in uneven adoption of hostile takeovers.

It focuses on two main objectives

- Approaches power-related, normative and concepts of firms
- Stakeholders: shareholders, Workers & Banks

Thesis Statement (2)

"The frequency of hostile takeovers is related to the power of the different stakeholder groups in a country."



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Responsibilities to Society: The Capitalist's Contract, Module Note

German Corporate Governance Cont.

- A clear stakeholder orientation
- Inside-control System based on international information
- No active public takeovers acts
- Long-term lending relationships
- Fewer stakeholder conflicts

Case Study: German Corporate Governance

Table 1: Market for corporate control and ownership

Country	# of hostile takeover bids	Block Trades (%)	Share Repurchases (%)
Germany	5	10	12.0
France	20	10	11.0
UK	814	4	6.0
USA		7	6.0

A comparative analysis of three types of stakeholders

- Shareholders:
 - Shareholders are the primary stakeholders of the corporation.
- Workers:
 - Workers are the primary stakeholders of the corporation.
- Banks:
 - Banks are the primary stakeholders of the corporation.

Agency Theory

- Objectives: bridge a contract that separates ownership from control and aligns interests
- Linkage between corporate governance and performance

Sub-claims

- "The study also takes other contextual factors into account when it come to explaining real-world phenomena"
- Macroeconomic Uncertainty


Recall from previous

- When shareholder rights are protected hostile takeovers ↑
- The greater degree of worker's, and bank's rights protected hostile takeovers ↓

Principal-agent problem

Agenda

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- **Overview of the two articles**
 - Background information
 - Statement of topic and purpose
 - **Analysis of thesis statement of each article**
 - Do we agree with the thesis?
 - Other major claims?
 - What is good/wrong?
 - **Interpretation and/or evaluation**
 - Discussion of the work's organization and style
 - Effectiveness
 - Discussion of the topic's treatment/is there another perspective
 - Discussion of appeal to a particular audience
 - **Case study of German bank**
 - **Short conclusion**
- 



**Corporate
Governance?**

- A contested issue
- Descriptive, qualitative and categorical:
 - Shareholder versus stakeholder models.
 - Internal versus external constraints.

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Overview of Two Articles

- "Comparative and International Corporate Governance" (2010) by Ruth V. Aguilera & Gregory Jackson
- "Stakeholder Rights and Corporate Governance: A Cross-National Study of Hostile Takeovers" (2004) by William D. Schneper and Mauro F. Guillén

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Topic and Purpose

"Comparative and International Corporate Governance" analyzes developments in the study of corporate governance methods across different countries.

It focuses on two questions

- How to explain the differences and similarities between the corporate governance systems evident in different countries?
- How these differences and similarities among countries affect firm level outcomes?

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Topic and Purpose

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“Stakeholder Rights and Corporate Governance: A Cross-National Study of Hostile Takeovers” analyze three types of stakeholders to advance their interests, resulting in uneven adoption of hostile takeovers.

It focuses on two main objectives

- Approaches
power-related, Normative and concepts of firms
- Stakeholders
Shareholders, Workers & Banks

Defining Hostile Takeover

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- Hostile Takeover  , more shareholder rights but less workers' & bank's rights are protected
- Firms as financial assets  more Hostile Takeovers
- Cross-national Differences
 - 478 hostile takeover attempts in the United States.
 - 273 in Britain.
 - 19 in France, 18 in Norway, 7 in Germany, 3 each in Japan & Malaysia, 2 in Thailand, and just 1 in Chile.
- National institutions can be conceptualized & Measures

Thesis Statement (1)

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“Reflection of the methodological requirements for comprehensive comparative corporate governance research and a reexamination of the salient shareholder-oriented model”

