Winter Semester 2019/2020

Corporate Governance: Theoretical Aspects (33610/33611 – 3 SWS)

1. Objectives
The main aim of this course is to demonstrate how insights and fundamental methods from economics (in particular belonging to the areas of game and agency theory) can be applied to formulate and analyse the social contract of the firm and its code of ethics. Moreover, the course aims to improve students' ability to utilize known fundamental theoretical methods and insights from economics to build-up, analyse, and critically assess a formal model of a complex economic problem.

2. Intended Learning Outcomes
At the end of this course students should

- have improved their understanding of how insights and fundamental methods from economics can be used to structure, analyse, and assess a complex economic problem,
- have deepened their understanding of certain areas of game and agency theory, and
- have achieved some understanding of the nature of the social contract of the firm and its code of ethics and how these can be formulated and analysed by making use of insights and fundamental methods from economics.

3. Pre-requisites
Some basic knowledge of microeconomics (in particular game theory) is recommended, but not necessarily required. During the tutorials students will be introduced to the basic game theoretic concepts and methods applied during the lectures.

4. Teaching and Learning Strategies
This is a classical lecture and tutorial course comprising of 12 lectures (90 minutes) and 13 tutorials (45 minutes). At the end of the course on demand an additional ‘Question & Answer’ session will be offered

Tuesday, 21 January 2020, 16:30-17:00 (Room RW S 58).
In the course of the lectures we will basically work through the core reading of the course. During the tutorials students will be made familiar with the concepts and methods from game theory, which are applied in the core reading. Lecture slides and the tutorials’ material will be made available on the e-learning server.

5. Schedules

5.1 Lecture Schedule (33610)
During the semester 12 lectures will be provided. These will take place as follows:

<table>
<thead>
<tr>
<th>Lecture No.</th>
<th>Day</th>
<th>Date</th>
<th>Time</th>
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<tbody>
<tr>
<td>01</td>
<td>Tuesday</td>
<td>15 Oct</td>
<td>16:15 – 17:45</td>
<td>RW S 58</td>
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<tr>
<td>02</td>
<td>Tuesday</td>
<td>22 Oct</td>
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<td>03</td>
<td>Tuesday</td>
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<td>04</td>
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<td>06</td>
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<td>07</td>
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<td>03 Dec</td>
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<td>10 Dec</td>
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<tr>
<td>09</td>
<td>Tuesday</td>
<td>07 Jan</td>
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<td>10</td>
<td>Tuesday</td>
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<td>16:00 – 18:00</td>
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<td>11</td>
<td>Wednesday</td>
<td>15 Jan</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>12</td>
<td>Tuesday</td>
<td>21 Jan</td>
<td>16:00 – 17:30</td>
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5.2 Tutorial Schedule (33611)
During the semester 13 tutorials will be provided. These will take place as follows:

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<th>Tutorial No.</th>
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<tr>
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<td>Wednesday</td>
<td>16 Oct</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>03/04</td>
<td>Wednesday</td>
<td>23 Oct</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>05/06</td>
<td>Wednesday</td>
<td>30 Oct</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>07/08</td>
<td>Wednesday</td>
<td>06 Nov</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>09/10</td>
<td>Wednesday</td>
<td>20 Nov</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>11/12</td>
<td>Wednesday</td>
<td>27 Nov</td>
<td>10:15 – 11:45</td>
<td>RW S 64</td>
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<tr>
<td>13</td>
<td>Wednesday</td>
<td>04 Dec</td>
<td>11:00 – 11:45</td>
<td>RW S 64</td>
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6. Assessment

The course is assessed by a one hour unseen written examination at the end of the term. (If the number of participating students is less than five, an oral examination may replace the written one. Students will be informed about the form of examination as soon as possible.) The date of the examination can be found on https://www.bwl5.uni-bayreuth.de/de/studiendekan/Klausurtermine/. Students have to register for the examination via CAMPUSonline. Only if students cannot register via CAMPUSonline they can register via e-mail by sending an e-mail to Clara Immler: clara.immler@uni-bayreuth.de. This e-mail must only contain the title of the course, the student’s surname, first name, ID number, and degree of study as well as a brief indication why registration via e-mail is required. The registration deadline is one week in advance to the date of the examination. Later registrations will not be accepted.
7. Lecture Programme
1. Overview: Hierarchies, Social Contracts, and Reputation
3. Games of Reputation and Compliance with the Social Contract
4. Abuse of Authority and Corporate Culture
5. Information, Incomplete Contracts, and the Ethical Code
6. Vagueness of Norms: The Theory of Fuzzy Sets
7. A Game Theoretic Model of an Incomplete Contract and an Ethical Code
8. An Ethical Decision-Making Procedure

8. Literature

8.1 Core Reading

8.2 Supplementary Reading
8.3 Optional Reading

There are many introductory textbooks into game theory, which could be used as background reading for the course. Textbooks some students may find useful are:


*Note:* The core and the supplementary reading is available on the e-learning server.

9. Accreditation

- Economics (MA):
  Modulbereich: Spezialisierung „Governance“
  Modulbereich: Individueller Schwerpunkt

- IWG:
  Modulbereich Grundlagen: a. Governance

- P&E (MA):
  Modul Area: C Specialization: C2 Economics

10. Responsible Student Assistant for the Course

All requests regarding the course should, in the first instance, be addressed to:

- Clara Immler:
  E-mail: clara.immler@uni-bayreuth.de

*Document last revised:* 28 November 2019