

Ben-Gurion university of the Negev
Guilford Glazer Faculty of Business and Management

New Course Proposal

Lecturer: Karim Medjad

Course name: Finance and Corporate Law

שם הקורס: מימון ודיני תאגידים

Brief course description :

This course will focus on basic concepts in corporate law and financial management in connection with every legal entity, from corporations to NGOs. The student will be introduced to the various legal forms as well as to the methods of assets valuation and capital structure. A critical presentation of the key legal and financial tools and recipes will be made.

תיאור הקורס

הקורס יעסוק במושגי היסוד של דיני תאגידים וניהול כספי בהקשר של ישות משפטית, מתאגידים עסקיים ועד ארגונים ללא כוונות רווח. בפני הסטודנטים יוצגו הישויות משפטיות השונות כמו גם שיטות להערכת נכסים ומבנה הוני. תערך הצגה ביקורתית של כלי מפתח משפטיים ומימוניים.

Source:

- Reinier Kraakman & al, *The Anatomy of Corporate Law: A Comparative and Functional Approach*, 2nd Edition (Oxford University Press 2009)
- [Stephen A. Ross](#) [Randolph W. Westerfield](#) [Bradford D. Jordan](#) [Gordon S. Roberts](#)
Fundamentals of Corporate Finance, 7th Edition (McGraw-Hill, 2010)

Detailed course description:

Course goals:

Corporate law and corporate finance are intertwined. The purpose of this multi-disciplinary course is multifold:

- present the underlying logic and the basic tools and concepts of each of these fields;
- provide insights into the intricacies of their zones of overlapping;
- connect these fields to the not-for profit sector;
- put them in perspective in the light of their inherent limitations, notably in a context of globalization.

The emphasis will be put on key legal and financial issues. The approach will be primarily a practical one, based on real cases.

Course topics:

1 - Corporate Law Basics

- The concept of legal person: taxonomy and implications
- Ownership of enterprises and efficiency considerations

2 - Time and profitability: about cash flow needs and prospects

- Reminder: some static indicators (VA, EBITDA...)
- The traditional investment valuation methods (ROI, NPV, IRR...) and their limitations

3 - Main corporate law issues: money games and power games

- Money and power as independent issues
- The power beyond percentages

4 - About the company's growth: internal and external growth

- Increase in capital
- LBOs, IPOs...

5 - The big picture

- Notion of territoriality
- Limited liability at work: the transnational corporations

Detailed Bibliography:

Required reading:

The handout must be read in full. Additional papers will be handed in class from time to time.

Additional reading:

Those who want to go further may look at:

- ***on comparative law:***

- R. David & J.E.C. Brierley : *"Major Legal Systems in the World Today: an introduction to the comparative study of law"* (Free Press) ;
- Peter A. Gourevitch and James Shinn *Political Power and Corporate Control: The New Global Politics of Corporate Governance Princeton*, Princeton University Press, 2005
- And of course, the very controversial ranking of domestic legal systems by the World Bank, the so-called « *Doing Business* » available at: <http://www.doingbusiness.org>;
- **for law and economics fans:**
 - The *Encyclopedia of Law and Economics* by Bouckaert, Boudewijn and De Geest, Gerrit (eds.) illustrates this peculiar analytical angle about virtually any legal subject, notably corporate law: (<http://encyclo.findlaw.com/tablebib.html>)
 - Henry HANSMANN: Ownership of the firm (1988), available at: [http://www.edegan.com/pdfs/Hansmann%20\(1988\)%20-%20Ownership%20of%20the%20Firm.pdf](http://www.edegan.com/pdfs/Hansmann%20(1988)%20-%20Ownership%20of%20the%20Firm.pdf)
 - Henry Hansmann, Reinier Kraakman, Richard Squire, *Law and the rise of the firm*, Harvard Law Review, 2005
http://www1.fee.uva.nl/fm/conference/legal/Hansmann_Law_and_the_Rise_of_the_Firm.pdf
- **For those interested in the deeper meaning(s) :**
 - Grant Gilmore, *"The death of contract"*, a brilliant essay about the fictitious nature of US contract law (Ohio State University Press);
 - Alan Watson, *"Legal Transplants: An approach to Comparative Law"*, (Athens, GA), another (small) brilliant essay in comparative law;
 - Hernando de Sotro, *"The Mystery of Capital"*, about the link between the quality of ownership titles and economic development (Basic Books, 2000).
 - Anti-MNCs and green activists will find what they are looking for on the website of the NGO *Earthrights*, notably about ongoing transnational lawsuits (<http://www.earthrights.org>) ;

Course requirements:

Prerequisites:

None

Assignments:

One class presentation and / or one short paper

Grading

- In-class participation: 20% of final grade
- Class presentation and / or one short paper: 30% of final grade
- Final examination (covering the entire course): 50% of final grade