

Teaching Plan

1. Course identification

Course name:	Economic Organizations and Markets & Economic Institutions and Markets
Academic year:	2020-2021 Year of study: Second Quarter: Second
Program:	ADE/ECO & IBE
Course code:	20840 & 21130
Number of credits:	ECTS5
Hours:	125
Teaching language:	English
Teachers:	Benito Arruñada, Mircea Epure, Joan Tubau

2. Presentation

"Economic Organizations and Markets" examines the main concepts and theories of Organizational Economics at an intermediate level within an integrated framework. Its goal is to give students a set of tools to help them analyze business problems, take business decisions (especially those related to human resource management), and better understand the business environment.

The course is organized into three blocks:

1. Individual behavior in business and markets.
2. The structure and management of individual and divisional incentives.
3. The interaction between organizations and their environment, not only economic but also political and institutional.

In order to follow the course, students should have mastered the content of the first-year courses "Business Economics", "Microeconomics 1", "Introduction to Economics" and "Introduction to Game Theory".

The course is intended to develop students' independent analytical capacity. It is therefore crucial to study the required readings thoroughly before coming to class, to prepare the cases and exercises, and to participate actively in class discussions. Seeking out additional information on day-to-day economic and business activities and relating it to cases will also count positively in a student's final evaluation.

3. Associated skills

Note to students: This section on "Skills" can be skipped as it is included here only to the effect of complying with administrative regulations.

3.1. General skills

1. To understand and interpret academic texts in an appropriate and reasoned manner.
2. To be able to justify positions with consistent arguments, as well as to defend them publically.
3. To be able to communicate proficiently, both orally and in writing, in either of the two official languages of Catalonia (Catalan and Spanish) to expert and non-expert audiences.
4. To be able to work in teams, actively participating in tasks and negotiating until reaching a consensus.
5. To develop the capacity to reason critically about controversial subjects.
6. To accept different points of view as a fundamental part of academic life and contemporary society, and to be able to put forth views while respecting other divergent opinions.
7. Consolidate habits of self-discipline, self-commitment and rigor in the conduct of academic work, its organization and its proper timing.
8. To have a proactive attitude in exploring often ignored matters, a fundamental skill in education and professional life.
9. To be able to apply acquired knowledge flexibly and creatively to new contexts and situations.
10. To show a sufficient level of knowledge required for professional performance.
11. To use appropriate information in the formulation of proposals and the resolution of problems.
12. To apply economic reasoning to decision-making.
13. To apply knowledge and appropriate procedures to a range of complex situations.
14. To identify the key factors of a problem.
15. To demonstrate a critical perspective when faced with diverse situations.

3.2. Specific skills

1. The course will enable students to develop their analytical skills to analyze organizational decision-making.
2. The course will enable students to identify the environmental factors of the firm, which determine organizational design decisions.
3. The course will provide methodological tools for the study of organizations, in particular of the information economy.
4. Students will combine case-study methods with reading articles, and rigorous empirical analyses.

4. Contents

4.1. Block 1. Individual behavior

Topic 1. New cognitive perspectives

Topic 2. Incentive management

4.2. Block 2. Economic organization

Topic 3. Markets and organizations. Divisionalization

Topic 4. Markets and politics

4.3. Block 3. Institutional environment

Topic 5. Institutional support of private contracting

Topic 6. Role of business firms in society

5. Teaching methods

The methodology of the course is based on the autonomy of the student, the role of the professor as mentor, and systematic and continued work.

Specifically, students should:

1. Study the corresponding reading for each topic before it is discussed in class, making a special effort to identify and synthesize the most important aspects of each reading.
2. Actively participate in class discussion, both in theory and seminar classes.
3. Turn in all assignments before the scheduled deadlines.
4. With respect to class behavior in class, students: (a) should not enter the classroom once the class has started; (b) refrain from using all types of electronic devices, including laptops, putting mobile phones into silent mode before classes start; and (c) refrain from sending unnecessary emails to professors.
5. In accordance with UPF regulations and the Dean's Office recommendations, any plagiarism of seminars or essays will mean that students fail the subject as a whole, and the academic authorities will be duly notified for them to implement additional disciplinary actions. In particular, a single submission of a problem set or essay in which the Turnitin software detects a plagiarism rate above 33.33% will lead to a "FAIL" (zero, 0) for the whole course, with no possibility for making it up in the current academic year. Following the disciplinary rules of the School of Economics, academic authorities will be told of the incident for them to start the official sanctioning procedure. Submissions below that 33.33 percentage will be considered in aggregate.

For their part, professors will:

1. Go over the main points of each topic in class, to guide individual study and resolve doubts and questions.

2. Evaluate the level of understanding and familiarity with the material, asking questions in each class to randomly chosen students about readings and cases.
3. Illustrate the application of the theoretical material via exercises and cases.
4. Indicate in class any additional materials needed for seminars, as well as complementary (non-required) readings, and post them on media accessible to students.

6. Evaluation

The course is based on continuous student evaluation with an important weight on the acquisition of knowledge and skills.

1. *Grade components.* The total grade is based on two components with the following weights: seminars, 50%; individual take-home essay, 50%.
2. *Individual take-home essay.* For 50% of the total grade each student will write an essay of a maximum of 500 words in which a concept, tool or theory studied in the course is applied to analyze a real and current situation (an issue related, e.g., to some recent news, business story, regulatory problem, new law, etc.).
3. The seminar grade cannot be made up.
4. Students who fail to pass the course, can submit a second, and different, make-up essay. The make-up will also account for 50% of the total grade. The deadline of the make-up will be announced in due time. Note that, according to UPF rules, only those students that have followed the continuous evaluation during the course (i.e., seminars) are allowed to take the make-up.
5. Passing grades from either seminars or essays will not carry over into future academic years.
6. There will be no other exceptions to these rules.

7. Bibliography and information resources

7.1. Bibliography

- ARROW, J.K. (1973), "Social Responsibility and Economic Efficiency," *Public Policy*, 21(Summer), 301-317.
- ARRUÑADA, B. (2001), "The Role of Institutions in the Contractual Process," in B. Deffains and T. Kirat, eds., *Law and Economics in Civil Law Countries*, Elsevier Science, Amsterdam, 177-196.
- ARRUÑADA, B. (2008), "Human Nature and Institutions," in E. Brousseau and J.-M. Glachant, eds., *New Institutional Economics: A Guidebook*, Cambridge University Press, Cambridge, 81-99.
- ARRUÑADA, B. (2013), "Markets for Public Services: Strong Incentives in the Liberal State Vs. Comprehensive Planning in the Welfare State?," March 26.

- COASE, R. H. (1960), "The Problem of Social Cost", *Journal of Law and Economics*, 3(1), 1-44.
- COOTER, R. & T. ULEN (2008), *Law and Economics*, Pearson, Boston, MA, 302-304.
- COWEN, T. (2007), *Discover Your Inner Economist*, Dutton, New York, 11-29.
- CROOK, C. (2005), "The Good Company", *The Economist*, 20 January.
- FEHR, E., & A. FALK (2002), "Psychological Foundations of Incentives", *European Economic Review*, 46(4-5), 687-724.
- FRANK, R. H. (2007), *Microeconomics and Behavior*, 9th ed., McGraw-Hill, New York (excerpts from Ch. 16, "Externalities, Property Rights, and The Coase Theorem").
- FRANKLIN, D. (2008), "Just Good Business", *The Economist*, 17 January.
- FRIEDMAN, M. (1970), "The Social Responsibility of Business is to Increase its Profits", *New York Times Magazine*, September 13.
- HART, O., & ZINGALES, L. (2017). "Serving Shareholders Doesn't Mean Putting Profit Above All Else", *Harvard Business Review*, October 12.
- HAYEK, F.A. (1945), "The Use of Knowledge in Society", *The American Economic Review*, 35(4), 519-530.
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- NICHOLSON, N. (1998), "How Hardwired Is Human Behavior?", *Harvard Business Review*, 76(4), 134-147.
- ROBERTS, J. (2007), *The Modern Firm: Organizational Design for Performance and Growth*, 1st ed., Oxford University Press, Oxford, 88-103.
- *THE ECONOMIST*, "Homo Administrans", September 23, 2010.
- *THE ECONOMIST*, "Irrationality: Rethinking Thinking", December 18, 1999, 69-71.

7.2. Resources

The relevant compulsory readings, as well as additional materials for each group, will be available through specific courses websites and through *Aula Global* and *Moodle*.