

ECON 4727 Economics of Organizations

Fall 2025

Instructor: Yangwei Song

Office Hours: W 11:00 - 12:00 PM (ECON 14A)

Pre-requisites: Require prerequisite courses of ECON 3070 and ECON 3818 or one of the following approved statistics substitutes: APPM 4570, CHEN 3010, CSCI 3022, CVEN 3227, MATH 3510, MATH 4520, STAT 3100, STAT 4000, STAT 4520 (all minimum grade C-).

Final: Wednesday, Dec. 10, 1:30–4 p.m.

Course Description:

Economics of Organizations involves the use of economic logic and methods to understand the existence, design, and performance of organizations. We apply methods from contract theory and game theory to study fundamental incentive problems in organizations and the boundaries of organizations. The course content will emphasize theory and analysis.

Grading Policy:

Attendance/participation 10% + Homework 15% + Three Exams 75%

The participation/attendance is based on iClicker. For each class day (excluding exam days and canceled classes), the iClicker will be active from 1:45 PM to 2:30 PM. If you forget to join but attend class, or if you cannot attend for any reason, you must email me immediately after class to request an adjustment. Late requests will not be accommodated. Your participation grade will be determined by your total iClicker check-ins for the semester.

There are six problem sets in total, constituting 15% of the overall grade. The late submission policy is as follows: If you are unable to submit your problem sets on time due to an emergency (e.g., medical reasons), please notify me via email, and I will still accept your submission. No credit will be given for late submissions without an emergency.

All exams are open-book, take-home assessments. Each exams contributes 25% to the final grade. There will be no make-up exams or extra-credit assignments. If you miss an exam due to a medical or personal reason (with prior notification required), the weight of the missed exam will be redistributed among the remaining exams.

A curve will be applied to the final percentage/absolute grades, meaning that numerical scores may be adjusted upward. However, final letter grades are assigned based on relative performance in the class rather than on a fixed percentage scale. This ranking-based approach ensures consistency in grade distribution and prevents unintended grade inflation.

Readings:

- Economics of Strategy, 7th Edition, Besanko, Dranove, Shanley, Schaefer, John Wiley & Sons, 2017.
- The Theory of Incentives, Laffont and Martimort, Princeton University Press, 2002.
- Supplementary readings (lecture notes and some scholarly articles) will be available on Canvas.

Course Content:

1. Introduction to economics of organization
2. Contract design with adverse selection
 - Reading: The Theory of Incentives Chapter 2
3. Contract design with moral hazard
 - Reading: The Theory of Incentives Chapter 4

Midterm 1 (Sep 30th)

4. Imperfect performance measurement
 - Reading: Economics of Strategy Chapter 12
5. Relational contract
 - Reading: Gibbons lecture note 2
6. Relative performance evaluation: tournament
 - Reading: Rank-Order Tournaments as Optimum Labor Contracts, Edward P. Lazear, Sherwin Rosen, Journal of Political Economy, 1981
7. Incentives in teams
 - Reading: Economics of Strategy Chapter 12

Midterm 2 (November 6th)

8. Horizontal boundaries of firms

- Reading: Economics of Strategy Chapter 2

9. Vertical boundaries of firms

- Reading: Economics of Strategy Chapter 3

10. Market structure and competition

- Reading: Economics of Strategy Chapter 5

Final (December 10th)

Syllabus Statements

Honor Code

All students enrolled in a University of Colorado Boulder course are responsible for knowing and adhering to the [Honor Code](#). Violations of the Honor Code may include but are not limited to: plagiarism (including use of paper writing services or technology [such as essay bots]), cheating, fabrication, lying, bribery, threat, unauthorized access to academic materials, clicker fraud, submitting the same or similar work in more than one course without permission from all course instructors involved, and aiding academic dishonesty. Understanding the course's syllabus is a vital part of adhering to the Honor Code.

All incidents of academic misconduct will be reported to Student Conduct & Conflict Resolution: StudentConduct@colorado.edu. Students found responsible for violating the Honor Code will be assigned resolution outcomes from Student Conduct & Conflict Resolution and will be subject to academic sanctions from the faculty member. Visit [Honor Code](#) for more information on the academic integrity policy.

Accommodation for Disabilities, Temporary Medical Conditions, and Medical Isolation

If you qualify for accommodations because of a disability, please submit your accommodation letter from Disability Services to your faculty member in a timely manner so that your needs can be addressed. Disability Services determines accommodations based on documented disabilities in the academic environment. Information on requesting accommodations is located on the [Disability Services website](#). Contact Disability Services at 303-492-8671 or DSinfo@colorado.edu for further assistance. If you have a temporary medical condition, see [Temporary Medical Conditions](#) on the Disability Services website.

If you have a temporary illness, injury or required medical isolation for which you require adjustment, please send me an email as soon as possible to inform me of your situation and discuss any necessary accommodations..

Accommodation for Religious Obligations

Campus policy requires faculty to provide reasonable accommodations for students who, because of religious obligations, have conflicts with scheduled exams, assignments, or required attendance. Please communicate the need for a religious accommodation in a timely manner. In this class, please notify me via email as soon as you are aware of a conflict so we can make appropriate arrangements. See the [campus policy regarding religious observances](#) for full details.

Preferred Student Names and Pronouns

CU Boulder recognizes that students' legal information does not always align with how they identify. If you wish to have your preferred name (rather than your legal name) and/or your preferred pronouns appear on your instructors' class rosters and in Canvas, visit the [Registrar's website](#) for instructions on how to change your personal information in university systems.

Classroom Behavior

Students and faculty are responsible for maintaining an appropriate learning environment in all instructional settings, whether in person, remote, or online. Failure to adhere to such behavioral standards

may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with race, color, national origin, sex, pregnancy, age, disability, creed, religion, sexual orientation, gender identity, gender expression, veteran status, marital status, political affiliation, or political philosophy.

Additional classroom behavior information

- [Student Classroom and Course-Related Behavior Policy.](#)
- [Student Code of Conduct.](#)
- [Office of Institutional Equity and Compliance.](#)
- [Student Code of Conduct.](#)
- [Office of Institutional Equity and Compliance.](#)

Sexual Misconduct, Discrimination, Harassment and/or Related Retaliation

CU Boulder is committed to fostering an inclusive and welcoming learning, working, and living environment. University policy prohibits [protected-class](#) discrimination and harassment, sexual misconduct (harassment, exploitation, and assault), intimate partner abuse (dating or domestic violence), stalking, and related retaliation by or against members of our community on- and off-campus. The Office of Institutional Equity and Compliance (OIEC) addresses these concerns, and individuals who have been subjected to misconduct can contact OIEC at 303-492-2127 or email OIEC@colorado.edu. Information about university policies, [reporting options](#), and [OIEC support resources](#) including confidential services can be found on the [OIEC website](#).

Please know that faculty and graduate instructors are required to inform OIEC when they are made aware of incidents related to these concerns regardless of when or where something occurred. This is to ensure the person impacted receives outreach from OIEC about resolution options and support resources. To learn more about reporting and support a variety of concerns, visit the [Don't Ignore It page](#).