

ECON 4897: ECONOMICS OF ORGANIZATIONS
COURSE SYLLABUS
Fall 2014

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Office: 14B Economics bldg.

Lectures: T,TH 2PM - 3:15PM
Class Location: Econ 117
Office Hours: Mon 1:30-3PM
Wed 10:30-12noon
(or by appointment)

Course Description

This course introduces students to the literature on economics of organizations. Opening the black box of the firm beyond the neoclassical model has been an active research area in the last few decades. This course will examine various issues both between and within firms, developing intuition and logical thinking as an economist as well as introducing some analytical models of contracts. Topics range from classical theories of firm boundaries to contractual relationship between firms to compensation and incentive issues within firms. Students can expect to be exposed to developments in some specific industries as well as have an opportunity to do some research on real-world problems in organizations.

Prerequisites

ECON 3070 Intermediate Microeconomic Theory
ECON 3818 Introduction to Statistics

Textbooks

Milgrom and Roberts, Economics, Organization and Management, Prentice Hall.
Some journal articles and cases will be posted on D2L website.

Grading Policy

Your grade will be based on your performance on a mid-term exam, the final, an essay, and presentation as well as attendance. Exam questions may be both analytical and qualitative requiring you to show clear economic logic. The mid-term enters with a weight of **.35**, and the final enters with **.40**. The final is not cumulative. An essay paper enters with **.15**; short class presentation with **.05**; and attendance with **.05**. We will discuss the assignment and topics of essays and presentations.

If you miss more than **15** lectures (i.e., roughly half the classes), then you may fail. No make-up exams will be given without documented medical or family emergencies, and a missed exam will result in zero. All exams and essay will be graded by me in an anonymous fashion to ensure that everyone is treated equally. Letter grades will be assigned by identifying natural cut-off points given a distribution of total scores, which will be curved at the end of all class activities.

University Policies

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. **All incidents of academic misconduct shall be reported to the Honor Code Council** (honor@colorado.edu; 303-735-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>

The University of Colorado at Boulder policy on **Discrimination and Harassment**, the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships apply to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH, the above referenced policies and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>

Campus policy regarding **religious observances** requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please see me at least two weeks prior to any conflicts due to religious observances. See full details at www.colorado.edu/policies/fac_relig.html

If you qualify for accommodations because of a **disability**, please submit a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and www.Colorado.EDU/disabilityservices
If you have a temporary medical condition or injury, see guidelines at <http://www.colorado.edu/disabilityservices/go.cgi?select=temporary.html>

Students and faculty each have responsibility for **maintaining an appropriate learning environment**. Those who fail 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 differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

Course Outline

(Lecture notes and reading assignments will be updated on D2L website.)

Week 1. Does Organization Matter? (Ch.1)

Week 2. Economic Organization and Efficiency (Ch.2)

Week 3. Using Prices for Coordination and Motivation (Ch.3)

Week 4. Coordinating Plans and Actions (Ch.4)

Week 5. Bounded Rationality and Private Information (Ch.5)

Week 6. Moral Hazard and Performance Incentives (Ch.6)

Week 7. Risk Sharing and Incentive Contracts (Ch.7)

Week 8. Rents and Efficiency (Ch.8)

Midterm Exam (Date to be announced)

Week 9. Ownership and Property Rights (Ch.9)

Week 10. Employment Policy and Human-Resource Management (Ch.10)

Week 11. Internal Labor Markets, Job Assignments, and Promotions (Ch.11)

Week 12. Compensation and Motivation (Ch.12)

Week 13. Executive and Managerial Compensation (Ch.13)

Week 14. The Classical Theory of Investments and Finance (Ch.14)

Week 15. Financial Structure, Ownership, and Corporate Control (Ch.15)

Final Exam (Date to be announced)