

ECON 4897: ECONOMICS OF ORGANIZATIONS  
COURSE SYLLABUS  
SPRING 2012

Jin-Hyuk Kim  
Assistant Professor  
Office: 14B Economics

Hours: T,TH 11AM-12:15PM  
Location: ECON 117  
Office Hours: Tuesdays 2-4PM

Course Description

The goal of this course is to introduce economic analysis of organizations. Opening the black box of the firm has been an active research area in economics literature. This course will examine issues both between and within firms, from classical theories of firm boundaries and contractual relationship between firms to compensation and incentive issues within firms.

This course is intended for upper year undergraduates who would like to learn how economic analysis is applied to the study of organizations. Hence, the course assumes a good understanding of microeconomics and statistical techniques. This course will require hard work and dedication. Regular attendance and active class participation will be an important part of grade.

Prerequisites

ECON 3070 Intermediate Microeconomic Theory  
ECON 3818 Introduction to Statistics

Textbooks

Milgrom and Roberts, Economics, Organization and Management, Prentice Hall.  
Selected journal articles may be assigned as well.

Grading and Exams

Your course grade will be based on your performance on a mid-term, a final, and your attendance and participation. Exams may be both analytical and qualitative. The mid-term enters with a weight of **0.3**, and the final enters with **0.4**. The final is cumulative. Attendance and class participation enter with **0.3**.

Class participation is broadly defined and it ranges from discussion, quiz, essay to presentation. Chosen instruments will depend on the class size. Generally, you would have to read the textbook beforehand to be able to participate in discussion. No make-up exams will be given without a valid, documented medical or family emergency. A missed exam will result in a zero.

## 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](mailto: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](http://www.colorado.edu/policies/fac_relig.html)

If you qualify for accommodations because of a disability, please submit to me 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](http://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](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

## Tentative Course Outline

### M&R Ch.1-Ch.8

1. Does Organization Matter?
2. Economic Organization and Efficiency.
3. Using Prices for Coordination and Motivation.
4. Coordinating Plans and Actions.
5. Bounded Rationality and Private Information.
6. Moral Hazard and Performance Incentives.
7. Risk Sharing and Incentive Contracts.
8. Rents and Efficiency.

### Mid-Term Exam

### M&R Ch.9-16

9. Ownership and Property Rights.
10. Employment Policy and Human-Resource Management.
11. Internal Labor Markets, Job Assignments, and Promotions.
12. Compensation and Motivation.
13. Executive and Managerial Compensation.
14. The Classical Theory of Investments and Finance.
15. Financial Structure, Ownership, and Corporate Control.
16. The Boundaries and Structure of the Firm.

### Final Exam