

ECON 4897: ECONOMICS OF ORGANIZATIONS  
COURSE SYLLABUS  
SPRING 2013

Jin-Hyuk Kim  
Assistant Professor  
Office: 14B Economics

Lectures: T,TH 11AM-12:15PM  
Class 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 may be applied to the study of real-world organizations. Hence, the course assumes a good understanding of microeconomics and statistical techniques. The course will involve discussions, and it will also require regular attendance and class presentation for everyone.

Prerequisites

ECON 3070 Intermediate Microeconomic Theory  
ECON 3818 Introduction to Statistics

Textbooks

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

Grading and Exams

Your final grade will be based on your performance on a mid-term, a final, attendance and presentation. Exam questions may be both analytical and qualitative, and you would generally have to attend classes regularly to answer them well. The mid-term enters with a weight of **0.4**, and the final enters with **0.4**. The final is not cumulative. Class presentation enters with **0.1**, and attendance (and active class participation) enter with **0.1**.

Each of you is expected to sign up for a day to give a 10-min talk in the class. I will help with selecting the discussion material before your presentation. Note that roll call will be taken in each class, and if you miss more than half the lectures (i.e., 14), then it will affect your letter grade. As for the exams, no make-up exams will be given without documented medical or family emergencies, and a missed exam will result in a zero.

All the exams will be graded with the strict academic standard and in an anonymous fashion, so that everyone is treated equally. At the end of the semester, given a distribution of total scores, letter grades will be assigned by identifying the natural breakpoints (or clusters) in the distribution. Besides the above policies, you are reminded of the following University policies. Textbook should be obtained as soon as possible.

## 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 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

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)