

## 30612 - Internal Organisation and Management

### Información del Plan Docente

<b>Academic Year</b>	2018/19
<b>Subject</b>	30612 - Internal Organisation and Management
<b>Faculty / School</b>	109 - Facultad de Economía y Empresa
<b>Degree</b>	432 - Joint Law - Business Administration and Management Programme
<b>ECTS</b>	6.0
<b>Year</b>	3
<b>Semester</b>	First semester
<b>Subject Type</b>	Compulsory
<b>Module</b>	---

### **1.General information**

#### **1.1.Aims of the course**

The main goal of the Course ORGANIZATION AND MANAGEMENT is offer students the opportunity to learn about the economic function of organization, the use of non price mechanisms in solving collective organization problems, in market based (pricy system) economies. Understanding the function of organizations in general and firms in particular is necessary for making the right decisions on important matters such as boundaries, ownership and internal design of organizations. With this purpose in mind the content of the Course is structured in three parts:

#### Part 1: Introduction and basic concepts

The first part of the course covers the general framework and building blocks of the whole Course, as well as the premises on human behavior that support the theory about organization design decisions that will be explained along the Course.

#### Part 2: Contractual approach to Organization

If organization responds to the insufficiency of the price system to solve all coordination and motivation problems that appear in market economies with division of labor, it is important for students to understand when market fail and how non price mechanisms can solve the market failures and at what costs. The basic theory applied in the Course to study the institutional competition between price and non price based solutions to coordination and motivation problems, is Transaction Costs Economics.

## 30612 - Internal Organisation and Management

### Part 3. Contexts of Organizational Design

The boundaries between markets and organizations leaves a lot of room for decisions on the internal organization of collective actions, included those undertaken through business firms. The third part of the Course identifies the main

contexts in which collective actions can take place within the Organization solution, and next studies how organizational design decisions are suitable for solving the coordination and motivation problems in each organizational context.

### **1.2.Context and importance of this course in the degree**

The Course ORGANIZATION AND MANAGEMENT is taught in the first semester of the second year of the Degrees in Business Administration, Accounting and Finance and Marketing Management. Students enrolled in the Course had already taken a required course on Foundations of Business Administration that offers them the opportunity to learn about the areas of management decision, including strategy formulation, implementation and control, as well as on the basic forms of relationship between business and society. Therefore students enrolled in the Course presumably know how the organizing function fits in the general framework of managing a business. ORGANIZATION and MANAGEMENT specializes students in the knowledge required to organize the work, define departments, set individual and collective incentives, monitor the achievement of objectives and goals, set the organization boundaries and so on, all important decisions for the overall success. The knowledge acquired by students in this Course will itself be the basis for building future learning objectives in areas such as strategy implementation, human resources management, operation research, etc.

In addition to more profession oriented learning objectives (managing a firm), the Course also provides students a context in which to connect and relate its content with the content of courses in Economics, particularly micro economics courses that study the working of the price system. Only markets or only organizations offer an incomplete view of how societies organize for solving the coordination and motivation problems that arose with the division of labor. The Course highlight that both markets and organizations have an important role in our modern societies so after taken the Course students will have a broader and more realistic perspective on the organization of modern societies.

### **1.3.Recommendations to take this course**

The analytic content of the Course ORGANIZATION AND MANAGEMENT makes recommendable for students having previously acquired basic skills in Math. The content of the course also presumes that students have already passed a course on Foundations of Business Administration and a course in Microeconomics.

Students taking the course should adopt a proactive attitude and behavior. This involves, among other things, regular class attendance, working individually or in group of the assigned exercises, readings and other teaching material recommended by professors; regular study of the lessons of the course, with special attention to basic concepts and how they relate to actual management and organization practices; attendance to tutorials and use of other support activities at students disposal.

### 2. Learning goals

#### 2.1. Competences

1. Manage, administer and organize collective actions in general and business firms in particular.
2. Understand and be able to solve with scientific rigor and with practical relevance complex coordination and motivation problems that arise in collective actions, particularly business firms.
3. Problem solving capabilities.
4. Analytical and synthesis capabilities.
5. Planning and Organization capabilities
6. Decision making capabilities.
7. Motivation for doing things right.
8. Autonomy in training and continuous learning
9. Capability to connect theory with reality.

#### 2.2. Learning goals

1. Being able to explain why do firms exist, and how do they function in the economic system we call a market economy
2. Being able to properly distinguishing between decision and organization decisions in firms and collective actions in general.
3. Being able to properly describe the elements present in any decision making process, particularly those having to do with economic rationality, risk taken behavior and risk management.
4. Know how to define transaction and transaction costs, as well as the relevant characteristics of transactions and contracts for efficient organizational design.
5. Know how transaction costs respond to the use one contractual and governance mechanisms or the other in case of governed transactions being simple or complex..
6. Distinguish between coordination and motivation problems, as the main problems that organization design decisions will try to solve.
7. Being able to design basic solutions to coordination and motivation problems in different organizational contexts defined by information conditions and goals congruence among collaborating agents.

#### 2.3. Importance of learning goals

Organizational decisions as those studied in this Course become critical for the survival of firms in competition environments. Organization is the capability of collective action to do things together in an efficient and effective manner. Organization failures imply poor coordination and misalignment between individual and collective goals that inevitably will lead to the end of the collective action. Organization is about how to do things, not too much on what to do, but very often what to do is conditioned to how and what can be done.

### 3. Assessment (1st and 2nd call)

#### 3.1. Assessment tasks (description of tasks, marking system and assessment criteria)

The students will be able to choose between a continuous evaluation system and a final exam.

##### Continuous evaluation

In the **first trial**, the student will have the opportunity to demonstrate that has reached the minimum required levels of knowledge and competencies listed above through a system of continuous evaluation consisting on two theory-practice

## 30612 - Internal Organisation and Management

written exams. The first exam will take place during the month of November and will cover the content of the lessons one to three; the exam will be graded in a scale from 0 to 5.

The second exam will take place in the month of January and will cover the lessons from four to six; the scale of grades will be the same, from 0 to 5.

### Final exam

The student that do not choose the continuous evaluation or that do not pass the course through the continuous evaluation method will be evaluated through the final exam. The exam will cover the material of the whole course and will be graded in the scale from 0 to 10. The students that have passed the course through the continuous evaluation method will have to take the option to increase the grade of the course by taking the final exam; the final grade of the course will be the higher of the two grades. The final exam will have two parts, one covering lessons one to three and the other lessons four to six, and each part will be graded in a scale from 0 to 5. The students will have the option of taking the whole exam or only one of the two parts.

The condition to pass the course is to have a minimum grade of 5 adding the grades obtained in each of the two parts in which the course is structured. If a student has more than one grade in one or two of the parts of the program the one

used in the calculation of the final grade will be the highest one.

The distribution of points in each exam will be approximately the following. Around 50% of the total grade will come from solving one or more exercises or problems; around 25% of the total grade will come from responding in a reasoned manner a theory or exercise on true or false type questions; the remaining 25% of the total grade will come from the answer to one or more theoretical questions.

There are two calls for the final exam. Students who have not passed the course in the first call may perform a new final exam in a second call, in similar conditions to the first.

## 30612 - Internal Organisation and Management

### *Evaluation criteria*

The different questions of the exam will be evaluated taking into account the precision and completeness of the answer as well as the clarity in the exposition.

## **4. Methodology, learning tasks, syllabus and resources**

### **4.1. Methodological overview**

The teacher will use several teaching methods with the purpose of helping the student to reach the learning objectives of the course. The implementation of the different methods such as lectures, tutorials, readings, will combine the active participation of both the teacher and the student. Accordingly, the student should attend lectures having previously reviewed what was covered in previous sessions and having read the material assigned for the corresponding lesson. In the same way, the student is expected to try to solve on his/her own the exercises and problems that will be solved together in the corresponding tutorials. To facilitate this work, the teacher will indicate in advance the exercises and problems to be covered in each tutorial class.

The student will find the teaching and learning material needed to follow the course in the domain "ORGANIZACIÓN Y GESTIÓN INTERNA: ENGLISH" (folder) of the e-learning platform (ADD) of the Universidad de Zaragoza. This domain will also be used for announcement on relevant issues and dates along the course. The teacher's office hours will be posted on the ADD domain.

### **4.2. Learning tasks**

1. Lectures (1.2 ECTS): 30 hours (two weekly sessions). The teacher will present to the students the main concepts and issues of the corresponding topic or lesson.
2. Tutorials on practices and exercises (1.2 ECTS): 30 hours (two weekly sessions). The teacher and the students will solve together previously assigned problems, exercises, commentary of selected texts, with the general objective of improving the comprehension of the theoretical concepts presented in the lectures, and the acquisition of the competencies of the respective lesson.
3. Special tutorials for reduced student groups (0.16 ECTS): Twice for during two hours (conditioned to the availability of the necessary means). These tutorials are part of the so-called P6 activities (in case teachers are available to teach them) that the School schedules with the purpose of addressing special difficulties that student might find during the learning process. The place and time will be announced in time.
4. Individual tutorials. The students, either individually or in groups of reduced number, will have the opportunity to meet with the teacher in his/her office to clarify any question or problem related with the development of the course. The meeting can take place during office hours or by appointment.
5. Final exam (0.1 ECTS): 2.5 hours.
6. Autonomous work (3.34 ECTS): 83.5 hours.

### **4.3. Syllabus**

#### *Part 1. Introduction and basic concept*

Lesson 1: DECISION AND ORGANIZATION: AN INTRODUCTION - Decision-making:- Organization- Organization

## 30612 - Internal Organisation and Management

problems

Lesson 2: MOTIVATION AND HUMAN BEHAVIOR -The meaning and scope of rationality in Economics -Rationality and decision making under uncertainty -Social behavior

### *Part 2. The contractual approach to the study of Organization*

Lesson 3: ECONOMIC ANALYSIS OF PRODUCTION AND EXCHANGE - Division of labor and gains from exchange-Transactions and contracts- Market failures (moral hazard, adverse selection, hold up) and organizational solutions.

### *Part 3. Contexts and tools of organizational design*

#### Lesson 4. COORDINATION IN TEAMS

-Introduction to organization design-Understanding the coordination problem-Solving the coordination problem by the design of information systems

Lesson 5. INCENTIVES IN COALITIONS -Motivation problems in self managed groups -Non-hierarchical solutions to the motivation problem -Hierarchy as alternative to self-management

Lesson 6. THE AGENCY RELATIONSHIP-Description and elements of the agency relationship-The contractual problem of implementing the optimal effort of the agent -The contractual problem of efficient allocation of risk (syndicate)-The contractual problem of balancing optimal effort and optimal risk sharing

#### **4.4.Course planning and calendar**

Training and evaluation activities

## 30612 - Internal Organisation and Management

### Distribution Credits

#### IN CLASS ACTIVITIES 2,4

Lectures Two hours sessions a week (30 hours total)

1,2

Two hours sessions a week 1,2

Tutorials on practices and exercises

(30 hours total)

#### OTHER ACTIVITIES

## 30612 - Internal Organisation and Management

3,6

Group or individual tutorials Twice for during two hours 0.16 Final

exam Total time 2.5 hours 0,1

Own work including exams preparation

83.5 hours 3.34

The calendar of theoretical and practical sessions of the subject will be made public on the web of the center. Submission dates of papers, evaluations and other activities will be communicated by the lecturers of the subject, especially through the e-learning platform of the University of Zaragoza.

Students will be informed about activities and key dates at the beginning of the course and through the means considered appropriate in every situation. The web of the course in the Anillo Digital Docente, ADD, of the University of Zaragoza will be the regular depository of teaching material and other resources made available to students. The communication of the exam dates in each and all Schools where the Course is taught will also be through the ADD.

### 4.5. Bibliography and recommended resources