

27437 - Economics of Organisations

Syllabus Information

Academic year: 2023/24

Subject: 27437 - Economics of Organisations

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 417 - Degree in Economics

ECTS: 6.0

Year: 3

Semester: Second semester

Subject type: Optional

Module:

1. General information

The subject Economics of Organizations aims to provide the student with knowledge and understanding of the economic nature and *raison d'être* of the intermediate organization called the firm and to help them understand the basic aspects of the problem of organizational design, as well as the main solutions proposed.

In the subject ECONOMICS OF ORGANIZATIONS the student acquires knowledge to understand the role played in the economic system by the intermediate organization called company and also to identify and understand the basic aspects of the organizational design problem, including the main tools available for its resolution. Additionally, the knowledge and skills acquired in this subject contribute to the establishment in the student of a solid foundation that will facilitate and enrich the understanding of the electives they will take later on.

These approaches and goals are aligned with the Sustainable Development Goals (SDGs) of the 2030 agenda and certain specific goals (<https://www.un.org/sustainabledevelopment/es>) contributing to some extent to their achievement: Goal 4, quality education Goal 8, decent work and economic growth, and Goal 9, industry, innovation and infrastructure.

2. Learning results

The student, passing this subject, achieves the following results:

1. Be able to explain the meaning and *raison* of being of the company in the economic system.
2. Be able to explain the difference between a decision problem and an organizational problem.
3. Be able to describe the key elements that economic agents consider in their decision making processes and to predict the choice, from a set of alternatives, of different types of economic agents.
4. Know how to define the concept of economic transaction and be able to identify different types of transactions according to their organizational complexity.
5. List the mechanisms available to regulate transactions and be able to identify which are the most appropriate for each type of transaction.
6. Identify and be able to explain the basic organizational problems that arise within organizations: coordination and incentive problem.
7. Propose different mechanisms for the resolution of basic organizational problems that arise within organizations.
8. Relate the presence of hierarchical and authority relations in the company and in organizations in general, with the difficulties of preserving collective efficiency in self-managed organizations.

3. Syllabus

Part I: Introduction and conceptual basis

T.0. Introduction

T.1.-Economic Calculus in the Company.-The Company Model in Neoclassical Economics. Resource Calculation and Allocation Process . Allocative Efficiency Pricing and Conditions. Institutional Implications.

T.2.-Decision and Uncertainty.-Forms of Analysis. Normal analysis. Extensive Analysis: Decision Trees. Choice of the Form of Analysis. The Expected Utility Function as a Decision Criterion.

T.3.-Risk Attitudes and Decision Processes - Expected utility as a decision criterion: Risk attitudes and estimation of utility functions. The True Equivalent as a decision criterion. Behaviour of economic agents in risk situations.

Part II: Contractual approach to organizations

T.4.-Contractual Structure in the Organization of Exchanges: Company and Market.-Institutional Hypothesis of the Market system: Empirical Relevance. Concept of Transaction Costs. Typology of Contracts. .Fit between Transactions and Contracts. Company-Organization Models.

Part III: Organizational design contexts

T.5.-Teams.-Definition and Elements of the Team Model. Economic Value of Centralization: Illustrative Example.

Information Structures. Conditions for the Existence of Target Functions for Collective Decision Making.

T.6.-Self-management or Hierarchy.-Individual Rationality and Collective Efficiency. Application to the Cooperative Company.

Hierarchical Solutions. Non-hierarchical solutions. Dynamic Solutions

. **T.7.-Hierarchy** without Supervision: The Agency or Power of Attorney Contract - Definition and Elements of the Agency Model.

Analytical Solution of the Problem. Contract Design. Agency costs.

T8.-Authority and Responsibility.-Economic Meaning of Authority. Economic Value of the Authority: Employment Contract versus Contract of Sale. Delegation of Authority and Responsibility

4. Academic activities

The program offered to the student to help them achieve the expected results includes the following activities:

- Theoretical classes: the lecture will be used mainly to present the theoretical contents of the subject.
- Practical classes: they allow to put into practice the knowledge acquired in the theoretical classes and to show the ability to work in a group and the interpersonal communication skills. The development of the practical classes will be based on the use of the case method and the resolution of exercises. However, there may also be other forms of teaching such as analysis and discussion of readings in class.
- Individual or small group tutorials, in the teacher's office, trying to offer a more direct and personalized support to the students for the resolution of doubts about the theoretical or practical contents of the subject, or to guide them in their studies.

In principle, the teaching methodology and its evaluation is planned to be based on face-to-face classes. However, if circumstances so require, they may be carried out online

After the learning process, the student is expected to be able to reason about the basic organizational problems derived from the various contractual relationships, as well as to propose and combine in a reasoned way the principles, rules and norms necessary to achieve the desired order in a given collective action.

The activities and key dates will be communicated through the appropriate means at the beginning of the teaching period of the subject, especially through the Anillo Digital Docente (moddle2.unizar.es). The dates of the final exams can also be consulted on the website of the Faculty of Economics and Business.

5. Assessment system

In the FIRST CALL, the student will be able to demonstrate that they have reached the expected learning results by means of a continuous evaluation system that will consist of the written and face-to-face completion of two theoretical-practical exams throughout the term.

The first of the continuous evaluation exams will evaluate the learning of the content of the first half of the topics of the program (topics 1 to 3 or 4), with a maximum of 5 points.

The second exam will evaluate the learning of the content of the second half of the topics of the program (topics 5 to 7/8), with a maximum grade of 5 points

Students who do not opt for continuous evaluation, do not pass the subject by this procedure or wish to improve their grade, will have the right to take the exam of the FIRST CALL, prevailing, in any case, the best of the grades obtained. The test will consist of a theoretical-practical exam, in the places, dates and time limit previously established. This exam will consist of two parts corresponding to the first and second half of the topics of the program, each of which will be valued with a grade of up to a maximum of 5 points. All students may sit for this final exam and answer one or both parts of the exam if they wish to do so.

Students who have not passed the subject in the first call will have the right in the SECOND CALL to take a new global test, similar to that of the first call.

Those students who obtain at least a grade of 5 points as a result of the sum of the grades obtained in the tests corresponding to each of the parts of the program will pass the subject. To this effect, and in the case of that the student has taken a part (first or second half of the program) of both the continuous evaluation exam and the corresponding part in the final exam of global evaluation of the first and/or second call, the highest corresponding grade will be chosen among those available. The structure of the exams of both the continuous evaluation and the global evaluation will be as follows: approximately 50% of the maximum grade will be assigned to the resolution of one or several practical exercises, approximately 25% of the grade will be assigned to the commentary of one or several statements of a theoretical-practical nature whose veracity must be questioned in a reasoned manner and approximately 25% of the grade will be assigned to the development of one or several theoretical questions.