

Business Economics II**2015/2016**

Code: 102311

ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OB	3	2
2501573 Economics	OT	3	1
2501573 Economics	OT	4	0

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Use of languages

Principal working language: catalan (cat)

Teachers

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Prerequisites

There are no specific prerequisites, but it is recommended to have previously taken "Economia de l'Empresa I" or similar.

Objectives and Contextualisation

In order to produce, firms carry out investments. How to obtain a good performance and recover these investments are paramount concerns of managers. Although a good design and a proper use of these investments, (i.e., the right choice of products), are important determinants of profitability, there are other relevant factors. In this course we will focus especially on analyzing how the contractual structure of the firm can help increase the value of firm investments. To achieve this, we make use of different economic models that have been used to analyze the contractual structure of firms. More details and examples of companies are provided in the contents of the course.

Skills**Business Administration and Management**

- Capacity for adapting to changing environments.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Delegate decision making to the workers and provide them with the necessary incentives so that those decision are taken in the interest of the company as a whole.
- Demonstrate initiative and work individually when the situation requires it
- Identify company competition, how they interact among themselves and the optimum strategies that can be drawn up in each case to stimulate competitiveness.

- Identify the positive contributions that companies make to society, developing socially responsible management, encouraging the development of objective instruments that allow for the measurement and valuation of such contributions.
- Lead multidisciplinary and multicultural teams, implementing new projects and coordinating, negotiating and managing conflicts.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Take decisions in situations of uncertainty, demonstrating an entrepreneurial and innovative attitude.
- Value ethical commitment in professional practice.

Economics

- Capacity for adapting to changing environments.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
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- Identify the positive contributions that companies make to society, developing socially responsible management, encouraging the development of objective instruments that allow for the measurement and valuation of such contributions.
- Lead multidisciplinary and multicultural teams, implementing new projects and coordinating, negotiating and managing conflicts.
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- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Take decisions in situations of uncertainty, demonstrating an entrepreneurial and innovative attitude.
- Value ethical commitment in professional practice.

Learning outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Analyse the main motivation systems in companies.
3. Apply knowledge about market structures to identify companies possible competitors and the ways in which they can compete with each other.
4. Assess ethical commitment in professional activity.
5. Assess the effect of different strategies on the competitiveness of a company.
6. Assess the interaction between strategic formulation and the internal organisation of companies.
7. Capacity to adapt to changing environments.
8. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
9. Classify the different ways in which a company can compete.
10. Demonstrate initiative and work independently when required.
11. Design effective motivation policies.
12. Explain the origin and assess companies contribution to social welfare.
13. Lead multidisciplinary and multicultural teams, implement new projects, coordinate, negotiate and manage conflicts.
14. List the main competitors of a company.
15. Make decisions in situations of uncertainty and show an enterprising and innovative spirit.
16. Organise work, in terms of good time management and organisation and planning.
17. Perform a critical assessment of the economic efficiency and distribution of wealth problems generated by companies.
18. Select and generate the information needed for each problem, analyse it and make decisions based on this information.

Content

Unit 1. Firms and investment decisions.

1. Motivation: Example of the tribe. The problem of the Organization.
2. Firm vs. Market
Benefits and costs of the market solution
3. Economic theories of the firm
The firm according to the theory of Transaction Costs
The firm as a nexus of contracts
4. Some cases and examples

Unit 2. The firm, the entrepreneur and the strategic decisions.

1. The Entrepreneur
2. Investment valuation (NPV)
3. Ownership and investment funding

Unit 3: The presence of Specific Investments.

1. Specific investments and the related problems
2. Consequences of specific investments and possible solutions
Vertical integration, long-term contracts, outsourcing
3. The GM-Fisher Body case
4. The Iberdrola and BASF cases
5. Some numerical exercises and examples.

Theme 4: The presence of uncertainty in the firm, and risk assessment.

1. Motivation
2. Basic concepts and tools
Risk and lotteries
Variance, covariance, certainty equivalent
3. Examples of insurance contracts
4. Diversification of risk and the entrepreneur
5. Wealth, ownership structure and risk distribution.
6. Numerical exercises.

Topic 5: The presence of Information Asymmetries.

1. The concept of adverse selection (and moral hazard) and contracts.
2. Some common cases and the relevance of the problem.
3. Solutions to the adverse selection problem.
4. Numerical exercises.

Methodology

Throughout the course the different sections of the program will be developed. There are materials and activities that students should work prior to the lecture sessions. They will serve to motivate and improve the student's understanding. Also for each topic a series of exercises and activities is proposed to reinforce the contents. A few hours per week (tutorials) will be offered to meet students on an individual basis and answer the questions and doubts students may have.

Activities

Title	Hours	ECTS	Learning outcomes
Type: Directed			
Case discussion and problem solving	15	0.6	7, 1, 8, 10, 13, 16, 15, 18, 4

Lectures	30	1.2	2, 3, 5, 9, 11, 14, 12, 17, 6
Type: Supervised			
Individual tutorials at the professor's office	7.5	0.3	10, 13, 16, 18
Type: Autonomous			
Study the course subjects, solving the cases, exercises and questions proposed in the course	90	3.6	2, 3, 5, 7, 1, 8, 9, 10, 11, 14, 12, 13, 16, 15, 18, 17, 4, 6

Evaluation

There will be two elements in the final grade:

1) A continuous assessment of the activities suggested during the course. This ongoing evaluation will include a midterm exam (with a weight of 30%), problems sets, and an active participation in class discussions of the cases, small tests, news and exercises with a weight of 25%. Regular attendance and completion of class exercises and activities scheduled during the course are required activities.

2) A final examination (check the exam calendar for the specific date) (individual assessment and 45% of grade). This exam will have both a practical part (problems) and a theoretical part.

If the final exam grade is 4 or higher, the course grade will be the weighted average of these two components: continuous assessment and final exam. If the average is 5 or more the course has been passed

If the final exam grade is below 4, that will be the course grade.

For those students who have obtained a grade between 4 and 5 there will be a re-evaluation. The result of this reassessment will be a maximum of 5.

Those students that do not participate in any evaluation activities will be considered as without evaluation.

Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
Exam	45%	2.5	0.1	2, 3, 5, 7, 1, 8, 9, 10, 11, 14, 12, 13, 16, 15, 18, 17, 4, 6
General Evaluation	55%	5	0.2	2, 3, 5, 9, 10, 11, 14, 12, 16, 17, 6

Bibliography

The teaching team has prepared some materials for each unit. They will be available on "campus virtual". These notes also contain additional exercises and activities for each unit. In addition the following books will be used:

TEXTBOOKS:

DOUMA, S. and H. SCHROUDER (2008): Economic Approaches to Organizations. Prentice Hall, 4th edition.

FURTHER READING:

ROBERTS, J. (2004): The Modern Firm. Oxford University Press.

MILGROM, P. and J. ROBERTS (1992): Economics, Organization and Management. Prentice Hall.

SALAS, V. (2007): El siglo de la empresa. Fundación BBVA.