

**Economics, Organisation and Management**

Code: 102310  
ECTS Credits: 6

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

**Contact**

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**Use of languages**

Principal working language: spanish (spa)  
Some groups entirely in English: No  
Some groups entirely in Catalan: Yes  
Some groups entirely in Spanish: Yes

**Teachers**

Jose Luis Masson Guerra

**Prerequisites**

Basic notions of Calculus and Optimization. There are no other specific prerequisites but completion of "Economia de l'Empresa II" is recommended.

**Objectives and Contextualisation**

The course "Economics, Organization and Management" is the application of the concepts of transaction costs and property rights issues to organizational design. Unlike other courses that focus on the internal design, this course will attempt to carry out an economic analysis of the organization with an emphasis on the institutional aspects and the design of the relationships among firms. The allocation of residual rights between companies or between different stakeholders in an organization (managers, shareholders, employees, suppliers, ...) passes to establish itself as the key conceptual element in this course. Theoretical and empirical finding solutions to the problems of organizational design and the achievement of greater efficiency tools will be developed.

Various business models are often mentioned and compared: the American company, the Japanese one, the German codetermination model, etc.. and how different economic contexts have led to the emergence of institutions provide different answers to the problems an organization faces. It will also analyze the participation in decision-making and the allocation of the surplus of the company for groups other than shareholders, the sole owners of businesses in the traditional approach. The course is divided into several sections. The first two raise the issue of ownership in the organization and its limits. We carry out the above mentioned allocation approach of decision rights, and we insist on distinguishing the contributions against more traditional alternative methods, already familiar to the student. Theme 3 explores the different ways of allocating residual rights among companies, illustrating different organizational forms and associations of providers, franchises or the Japanese keiretsu. In contrast, sections 4, 5 and 6 focus on the allocation of rights within the company; particularly between labor and capital providers, and their conflicts. The cooperative venture capitalist

enterprise and the presence of mixed forms, such as co-management and new forms of employee participation in decision-making of the company are addressed here with the example of the Mondragon cooperatives. In the last part of the course, new elements that technological changes are imposing on the company and a reflection of a more general character on the organization and management from economic analysis are considered. This includes topics such as corporate culture, executive compensation or the social pressure exerted by peers.

## **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 decisions 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 and 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.
- Delegate decision making to the workers and provide them with the necessary incentives so that those decisions are taken in the interest of the company as a whole.
- Demonstrate initiative and work individually when the situation requires it.
- Demonstrate knowledge of the processes for the implementation of company strategies.
- 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.
- Transmit company, department or work objectives clearly.
- 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. Apply the processes of formulating strategies to specific cases.
5. Assess ethical commitment in professional activity.
6. Assess the effect of different strategies on the competitiveness of a company.
7. Assess the interaction between strategic formulation and the internal organisation of companies.
8. Capacity to adapt to changing environments.
9. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
10. Classify the different ways in which a company can compete.
11. Demonstrate initiative and work independently when required.
12. Design effective motivation policies.
13. Explain the origin and assess companies contribution to social welfare.
14. Lead multidisciplinary and multicultural teams, implement new projects, coordinate, negotiate and manage conflicts.
15. List the main competitors of a company.
16. Make decisions in situations of uncertainty and show an enterprising and innovative spirit.
17. Organise work, in terms of good time management and organisation and planning.
18. Perform a critical assessment of the economic efficiency and distribution of wealth problems generated by companies.
19. Relate the business strategy to the objectives of the company and its breakdown into departments or units.
20. Select and generate the information needed for each problem, analyse it and make decisions based on this information.

## **Content**

### TOPIC I: The limits of the organization

- 1) The meaning of ownership: what's the relevance of knowing who holds property rights?
- 2) Incomplete contracts and property rights
- 3) When and how to deal/concentrate property rights?
- 4) The different existing theories on organizational boundaries

### TOPIC II: The Problem of Vertical Integration

- 1) Vertical integration from the analysis of property rights
  - The classic example of G. M. and Fisher Body (à la Klein)
  - A formal model of vertical integration (à la Hart).

### TOPIC III: Intermediate forms of distribution of property rights among companies

- 1) Strategic Alliances
- 2) Industrial groups: the Japanese Keiretsu and the Korean Chaebol.
- 3) Relational Contracts and the quasi-vertical integration. Supplier associations.
- 4) Cooperation agreements between undertakings: joint ventures and franchises.

#### TOPIC IV: Allocating the residual rights to workers: Cooperative Enterprise

##### 1) Problems of cooperative solution (à la Hansmann)

##### 2) The Mondragón Cooperatives.

- Participation of workers and corporate governance.
- MCC and evolution of cooperative group.
- Challenges and examples within MCC

#### TOPIC V: When residual rights are allocated to capital

##### 1) Separation ownership-control.

##### 2) Executive Compensation (à la Milgrom and Roberts)

##### 3) Internal control and external control.

- The Board of Directors
- Codes of Good Governance
- 4) Financial structure and management.
  - Should shareholders have residual rights?
  - The role of financial intermediaries
- i) Bank Supervision and active shareholders
- ii) The quota allocation of residual rights

#### TOPIC VI: Mixed forms of capitalist enterprise, foundations and state enterprises

##### 1) "shareholder value" vs. "stakeholder value"

##### 2) Economy of NGOs according to Glaeser and Shleifer

##### 3) The German co-determination and the Japanese MainBank.

##### 4) Savings Banks.

##### 5) Privatization and state involvement in private enterprise

#### TOPIC VII: New technologies and the Firm

##### 1) Human Capital, specific investment and ownership.

##### 2) Corporate venture capital.

##### 3) Trust, commitment and social pressure.

## Methodology

Throughout the course the different sections of the program are developed. There are some materials and activities that students should work prior to class and will serve to motivate and improve their understanding. Also for each topic a series of exercises and activities to reinforce the content are proposed. In addition a few hours a week (tutorials) for the individualized attention for students and the answering of questions will be offered.

## Activities

Title	Hours	ECTS	Learning outcomes
<b>Type: Directed</b>			
Case discussion and problem solving	15	0.6	3, 6, 1, 13, 11, 14, 17, 16, 20, 18, 5, 7
Lectures	30	1.2	2, 3, 6, 1, 11, 12, 13, 14, 17, 19, 20, 18, 7
<b>Type: Supervised</b>			
Individual tutorials at the professor's office	7.5	0.3	11, 14, 17, 20
<b>Type: Autonomous</b>			
Study the course subjects, solving the cases, exercises and questions proposed in the course	90	3.6	2, 3, 6, 8, 1, 9, 10, 11, 12, 15, 13, 14, 17, 16, 20, 18, 5

## Evaluation

There will be two elements in the final grade:

- 1) A final examination (individual assessment and 45% of grade). This exam will have both a practical part (problems) and a theoretical part.
- 2) Continuous assessment of the activities suggested during the course (55% of the final grade). This ongoing evaluation will include: a) a midterm exam (individual evaluation) of topics 1-3, and a weight of 25%, b) problems sets (group assessment) and a weight of 10%, c) active participation in class discussions of the cases, a case presentation and news analysis with a weight of 20%. Regular attendance and completion of class exercises and activities scheduled during the course are required activities.

Anyone who does not participate in any of the evaluation activities will be considered as non-evaluable.

**Calendar of evaluation activities:** The dates of the evaluation activities (midterm exams, exercises in the classroom, assignments, ...) will be announced well in advance during the semester. The date of the final exam is scheduled in the assessment calendar of the Faculty. *"The dates of evaluation activities cannot be modified, unless there is an exceptional and duly justified reason why an evaluation activity cannot be carried out. In this case, the degree coordinator will contact both the teaching staff and the affected student, and a new date will be scheduled within the same academic period to make up for the missed evaluation activity."* **Section 1 of Article 115. Calendar of evaluation activities (Academic Regulations UAB).** Students of the Faculty of Economics and Business, who in accordance with the previous paragraph need to change an evaluation activity date must process the request by filling out an **Application for exams' reschedule** [https://eformularis.uab.cat/group/deganat\\_feie/application-for-exams-reschedule](https://eformularis.uab.cat/group/deganat_feie/application-for-exams-reschedule)

**Grade revision process:** After all grading activities have ended, students will be informed of the date and way in which the course grades will be published. Students will be also be informed of the procedure, place, date and time of grade revision following University regulations.

**Retake Process:** *"To be eligible to participate in the retake process, it is required for students to have been previously been evaluated for at least two thirds of the total evaluation activities of the subject."* **Section 3 of Article 112 ter. The recovery (UAB Academic Regulations).** Additionally, it is required that the student to have achieved **an average grade of the subject between 3.5 and 4.9**. The date of the retake exam will be posted in the calendar of evaluation activities of the Faculty. Students who take this exam and pass, will get a grade of 5 for the subject. If the student does not pass the retake, the grade will remain unchanged, and hence, student will fail the course.

**Irregularities in evaluation activities:** In spite of other disciplinary measures deemed appropriate, and in accordance with current academic regulations, *"in the case that the student makes any irregularity that could lead to a significant variation in the grade of an evaluation activity, it will be graded with a 0, regardless of the disciplinary process that can be instructed. In case of various irregularities occur in the evaluation of the same subject, the final grade of this subject will be 0".* **Section 10 of Article 116. Results of the evaluation. (UAB Academic Regulations).**

## Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
Continuous evaluation	55%	5	0.2	2, 3, 4, 6, 10, 11, 12, 15, 13, 14, 18, 7
Exam	45%	2.5	0.1	2, 3, 4, 6, 8, 1, 9, 10, 11, 12, 15, 13, 17, 16, 19, 20, 18, 5, 7

## Bibliography

The instructor will prepare lecture materials that will be available in the virtual campus. Lecture notes will also contain exercises and additional activities. There is no textbook for the course, but the following books and articles will be used:

### REFERENCES:

**Crespí, García-Cestona y Salas (2003).** "El Gobierno de las Cajas de Ahorro", cap. 3, 4 y 5 en Presente y futuro de las Cajas de Ahorro españolas. Fundación Caixa de Galicia.

**Crespí, Rafel y Miguel A. García Cestona (2002).** "Propiedad y control: una perspectiva europea", *Ekonomiaz*, 50, p. 110-137.

**Dow, Gregory K. (2003)** "Governing the Firm. Workers' control in Theory and Practice". Cambridge University Press.

**Gibbons, Robert (2005)** "Four formal(izable) theories of the firm?" *Journal of Economic Behavior & Organization*. Vol. 58 200-245.

**Hart, Oliver (1995).** "Firms, Contracts and Financial Structure". Oxford University Press.

**Roberts, John (2004).** "La Empresa Moderna". Antoni Bosch editor, Barcelona.

**Salas, Vicente (1999).** "El Gobierno de la Empresa". Centre d'Economia Industrial, Barcelona.

**Salas, Vicente (2007).** "El Siglo de la Empresa". Fundación BBVA, Bilbao.

**Serra Ramoneda, Antoni (2011).** "Els Errors de les Caixes: Adéu al Model de les Caixes d'Estalvis". Ed. Viena, Barcelona.