ECON 116: Organizational Strategy
UC Merced, Spring 2015

Meeting Times: Tues, Thurs 9-10:15 AM COB 114  Instructor: Dr. Alex Whalley
Office Hours: Thurs 12-2 COB 391 (or by appointment)  Email: awhalley@gmail.com

Course Description:

This course will discuss critical issues in the design and functioning of effective organizations. Topics covered include: the boundary of the firm, firm structure, arrangements within the firm, alliances and contracts between firms, and trust and culture in the firm. This course will combine case studies with a relevant economic theory to provide insight into the functioning of organizations.

Course Goals and Outcomes:

a. Course Goals:
   i. Explain the purpose of using economic modeling to address organizational questions
   ii. Explain and be able to use organizational models to evaluate policy in the area of organizational economics.

b. Learning Outcomes:
   i. Be able to explain the purpose of using economic modeling to address organizational economic questions
   ii. Be able to explain and use organizational economic models to evaluate policy in the area of organizational economics.

Website: Any announcements, lecture notes, homework assignments and solutions, exam solutions, and additional material will be found on the course website on UCMCROPS. Please refer to it frequently, as it is your responsibility to read and print what you need off of it. I will make announcements in class and will email new announcements whenever possible, but you would be wise to check the website before each class.

Textbook


Course Requirements & Grading:

- Final: 40%
- Midterm: 20%
- Assignments: 20%
Final Presentation and Paper: **20%**

**Attendance** is also not explicitly required, but you will find it in your best interests to attend class as not all exam material will be in the readings. Similarly, **class participation** is not explicitly graded, but it is in your interest to participate in the discussions to learn the material.

The **assignments** will be due at the start of class. No late assignments will be accepted. They will consist of (1) problem sets based on the material in class and (2) reaction pieces to business cases or visiting speakers.

There will be a team **presentation and paper** in the last few weeks of the class. Students will be placed into teams. The assignment will consist of applying concepts covered in the textbook and class to explain an **organizational enigma** that they have experienced first hand. The **paper will be due on the last day of class**. Precise details to follow.

**Important Dates:**

March 5\textsuperscript{th} (9-10:15AM): MID TERM EXAM

May 12\textsuperscript{th} (3-6PM): FINAL EXAM

**Academic Integrity:**

Students are expected to adhere to a code of academic integrity. Any form of cheating, falsification, or plagiarism constitutes a violation of this code. If you are found to be in violation, **you will fail the course** under all but exceptional circumstances. Ignorance of what constitutes academic dishonesty is not a valid excuse, so I encourage you to talk to me or a librarian if you are unsure of whether what you are considering is dishonest. In addition, please familiarize yourself with the **campus policy on academic honesty**, available under the “resources” section of the course website or at [http://studentlife.ucmerced.edu/2.asp?uc=1&lvl2=121&lvl3=121&lvl4=123&contentid=171](http://studentlife.ucmerced.edu/2.asp?uc=1&lvl2=121&lvl3=121&lvl4=123&contentid=171). Obviously, working together on quizzes and exams is forbidden. However, this course will work best if everyone works together to learn the material. This means that working together on problem sets, studying together for exams, and discussing economics with your colleagues is **not** cheating, but is encouraged. In fact, if I feel that people are not learning the material, I will provide incentives for you to work together.

**Decorum:**

All of the following points boil down to respecting your peers and your professor; however, I will list a few particularly important requests:

- As a courtesy to your peers, please **turn your cell phones off** while in class.
- I do not allow **open laptops** in class.
- If you know you must leave early, please sit on an aisle.
Your email messages to me and to each other are a form of professional writing. Use correct spelling and grammar, capitalize appropriately, and be civil and respectful in all correspondence with me or your classmates.

Note to Students with Disabilities:

Any student who has a disability that might interfere with her/her work or participation in this course should see me, so that we can make appropriate accommodations.

Final note:

All policies of the University California – Merced also apply to this course.

Tentative Class Schedule and Reading Lists (subject to change)

(1) Introduction: Why Study the Economics of Organizations? (1 Class)

Fisman and Sullivan (2013) Introduction

(2) Firms and Production: A Review of Basic Microeconomics (1 Class)

(3) Transactions Costs and Vertical Integration (2 Classes)

Fisman and Sullivan (2013) Chapter 1

http://www.jstor.org/stable/2626876


Hannan, Micheal, Joel Podolny and John Roberts (1999) “Daimler Chrysler Commercial
Vehicles Division,” HBS Case, # IB27.

(5) Employment Relationship (2 Classes)

Fisman and Sullivan (2013) Chapter 2

1346-61.
http://links.jstor.org/sici?sici=0002-8282%28200012%2990%3A5%3C1346%3APPAP%3E2.0.CO%3B2-C

http://links.jstor.org/sici?sici=0033-5533%28199802%29113%3A1%3C149%3AFYEANI%3E2.0.CO%3B2-3

495-037

(6) Firm as an Incentive System (2 Classes)

Organizations 15: 74-102.
http://jleo.oxfordjournals.org/cgi/reprint/15/1/74

Case, # 9-800-064 and #9-800-210.

(7) Property Rights, Partnerships and Franchises (2 Classes)

Fisman and Sullivan (2013) Chapter 3

Lafontaine, Francine and Kathryn Shaw (1999) “The Dynamics of Franchise Contracting:
http://links.jstor.org/sici?sici=0022-3808%28199910%29107%3A5%3C1041%3ATDOFCE%3E2.0.CO%3B2-F

http://links.jstor.org/sici?sici=0741-6261%282005%2936%3A1%3C131%3ATMCEFF%3E2.0.CO%3B2-0

Richard Hornbeck "Barbed Wire: Property Rights and Agricultural Development," Quarterly
http://www.economics.harvard.edu/faculty/hornbeck/files/Hornbeck_barbedwire.pdf
(8) Alliances (2 Classes)

http://links.jstor.org/sici?sici=0022-1821%28199806%2946%3A2%3C125%3ATCOTAA%3E2.0.CO%3B2-9

http://links.jstor.org/sici?sici=0741-6261%28200322%2934%3A2%3C356%3AOACRII%3E2.0.CO%3B2-I

Gomes-Casseres, Benjamin and Krista McQuade (1991) “Xererox and Fuji Xererox”, HBS Case, #9-391-156

(9) Management Practices (2 Classes)

Fisman and Sullivan (2013) Chapter 5

Rogers, Gregory and Michael Beer (1995) “Human Resources at Hewlett-Packard (A) and (B).” Harvard Business School Cases #9-495-051 and 9-495-052.


http://www.mitpressjournals.org/doi/pdf/10.1162/003355303322552775

http://www.stanford.edu/~nbloom/DMM.pdf

(10) Decision Making (2 Classes)

Fisman and Sullivan (2013) Chapter 6

http://links.jstor.org/sici?sici=0022-0515%28199209%2930%3A3%3C1382%3AHTEOM%3E2.0.CO%3B2-L

(11) Economics of Culture (2 Classes)

Fisman and Sullivan (2013) Chapter 7


https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbnxwaWVycmVjYWh1Y3xneDoyMzE0YmY4ZDVlNDg1MWQ2&pli=1


(12) Social Incentives (2 Classes)

Moretti, Enrico and Alex Mas "Peers at Work", American Economic Review, 99(1), 2009

http://www.management.wharton.upenn.edu/barankay/Documents/social_incentives.pdf

(12) Altruism and Non-Profit Firms (2 Classes)

https://jshare.johnshopkins.edu/mmacis1/public_html/w/Im-dayoff.pdf


(13) Government Structure and Performance (2 Classes) (time permitting)


(15) Presentations (5 Classes)