

61765 - Organizational Design

Información del Plan Docente

Academic Year	2016/17
Academic center	109 - Facultad de Economía y Empresa
Degree	555 - Master's in Management, Strategy and Marketing
ECTS	3.0
Course	1
Period	Second semester
Subject Type	Optional
Module	---

1.Basic info

1.1.Recommendations to take this course

1.2.Activities and key dates for the course

2.Initiation

2.1.Learning outcomes that define the subject

2.2.Introduction

3.Context and competences

3.1.Goals

3.2.Context and meaning of the subject in the degree

3.3.Competences

3.4.Importance of learning outcomes

4.Evaluation

5.Activities and resources

5.1.General methodological presentation

The learning process designed for this course is based on the following:

We understand that in a Master's Degree students must acquire advanced knowledge in the topic of the course and at the same time develop competencies on how to use this knowledge in solving complex and unstructured problems. The teaching method tries to adapt itself to these goals by combining magister lectures and reading of academic papers, on the theory part, with the case method for the purpose of acquiring professional competencies.

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5.2. Learning activities

The work program of the course offers students the following activities to help them in achieving the planned results

- Magister classes by the professor
- Preparation by students of case studies and discussion of diagnosed problems and proposed solutions altogether in class.
- Readings of basic academic papers on economic analysis of organization
- The possibility that students work on their own on a project in topics of their interest.
- Seminars, conferences and workshops.

5.3. Program

Lesson 1. Introduction to Organizational Economics

Rational behavior in Economics and other Social Sciences. Expected utility theory and risk taking behavior. Organizational contexts and the corresponding design problems

Reading: V. Salas, El Siglo de la Empresa. Fundación BBVA. Madrid, Capítulo 1.

Lesson 2 . The nature of the firm in market economies

Division of labor and the organization of society: coordination and motivation problems. Why do firms exist in market economies? Entrepreneurs versus firms

Reading: Coase, R. "The nature of the firm". *Economica* , 4, 1937, 386-405.

Incomplete contracts: Early papers

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Case study: Celulosa Arauco: Technical boundaries of the firm: costs and demand factors.

Lesson 3 . Organization design: Self-management or Hierarchy?

Self-management as an organizational design. Incentives problems in team production technologies with self-management design. What do bosses do?

Reading.- Alchian, A. y H. Demsetz. "Production, information and economic organization". *American Economic Review* , 62, 1972, 777-795.

Complement with *Multi-agent- contracting: Moral hazard in teams*

Case Study: Irizar: How the workers' cooperative solves the internal coordination and motivation problems?

Lesson 4 . The complex capitalist firm

The transition from simple to complex capitalist firms. The function of capital in production and organization. Agency problems in the capitalist firm. The decision to go public.

Reading. Jensen, M. y W. Meckling. "Theory of the firm: managerial behavior, agency costs and ownership structure". *Journal of Financial Economics* 3, 1976, 305-360.

Complement with *Contracts under asymmetric information: Moral hazard*

Case study: Patagonia: Business model. How ownership of the firm condition the business model decision? Shareholders versus stakeholders oriented capitalist firms.

Lesson 5 . Culture and trust in organizations

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The concepts of culture and trust. How culture and trust contribute to wealth creation. The concept and relevance of incomplete contracts. The economic value of reputation

Reading. Kandel, E. y E. Lazear. "Peer pressure and partnerships". *Journal of Political Economy* , 100, 1992, 801-817.

Complement with *Implicit contracts: reputation*

Case study: Irizar: Culture and trust in Irizar. How Irizar manages culture and trust. Is the competitive advantage sustainable?

Lesson 6 . Complementarity: The fit between strategy and organizational structure

Coordination problems in organizations. Business models as coordination devices. The transition from the traditional to the modern business firm

Reading. Milgrom, J. y J. Roberts. "Complementarities and fit: Strategy, structure and organizational change in manufacturing". *Journal of Accounting and Economics* , 19, 1995, 179-208.

Case study.- How Irizar and Patagonia assure the proper fit between strategy and structure?

Lesson 7 . The contractual approach to the boundaries of firms

Transaction costs economics. Implicit contracts. The transaction costs of firms and markets. The factors that determine institutional specialization

Reading.- Hart, O. *Firms, contracts and financial structure* . Oxford: Clarendon Press, 1995. Chapters 1 y 2.

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Complement with *Incomplete contracts except Early papers*

Case study: Celulosa Arauco. Explain the vertical integration of Arauco from the theory of transaction costs economics.

Lesson 8 . The firm as a sub-economy

An integrated view of organizational design as a solution to coordination and motivation problems in collective actions.

Reading.- Holmstrom, B. "The firm as a sub-economy ". *Journal of Law Economics and Organization* , 1999, 74-102.

Case study.- Organizational innovation in the digital economy: More market or more organization?

Lesson 9 . The firm and society

Students' presentation of the course Project with special attention to social problems that are particularly related to organizational decisions of firms: Size and growth; income inequality; entrepreneurship; organizational capital; business models and social externalities.

5.4.Planning and scheduling

The course will be taught along 15 weeks, one session of two hours per week. Lessons 2, 6 and 8 one week; the rest of lessons two weeks. The schedule of special activities and events as well as the detailed timing of students' presentations will be posted in the ADD of the course.

5.5.Bibliography and recommended resources