

Business Economics

See PDA for detailed information.

1. Presentation of the Subject

This subject is an Introduction to Business Economics.

The course provides a comprehensive analytical framework aimed at understanding the behavior of economic actors. The following key issues are addressed within the context of economic activities:

- What is the firm?
- Why does the firm exist?
- What motivates the individual when making economic decisions?
- What are the main problems encountered in economic transactions?
- How does one solve these problems?

The main objective of the course is to provide students with sufficient understanding of the subject to allow them to apply theoretical models to any economic reality.

Students are expected to read beforehand the compulsory class material, prepare the different case studies and exercises, and participate actively in class debates. Furthermore, the search for additional material and application of the knowledge gained to real life cases will be positively evaluated.

2. Topics

- Unit 1: The Individual as a Decision Maker
 - Topic 1: Human Behavior and Economic Rationality (Brickley *et al.*, 2007: Chapter 2, pp. 14-38)
- Unit 2: Main Concepts and Models
 - Topic 2: Markets and Organizations (Brickley *et al.*, 2007: Chapter 3, pp. 55-62 and 75-85)
(This topic will be studied more thoroughly within the subject "Economic Institutions and Markets", during the second course. Specifically, this course will consider only the main solutions to the economic problem.)
 - Topic 3: Coordination through Contracts (Brickley *et al.*, 2007: Chapter 10, pp. 280-299)
- Unit 3: Commercial Relations
 - Topic 4: Specific Assets and Relations with Suppliers (Brickley *et al.*, 2007: Chapter 19, pp. 562-583)
 - Topic 5: Quality and Management (Carlton and Perloff, 2000: Chapter 13, pp. 423-430 and Chapter 14, pp. 451-456)

- Unit 4: Human Resources
 - Topic 6: Labor Relations and Teams (Brickley *et al.*, 2007: Chapter 12, pp. 341-352)
 - Topic 7: Incentive Compensation and Risks (Brickley *et al.*, 2007: Chapter 15, pp. 412-424)
 - Topic 8: Performance Evaluation (Brickley *et al.*, 2007: Chapter 16, pp. 449-466; and Kerr, 1995)

(The material is more extensive than usual. It is therefore particularly advisable to carefully read and select the basic components on objective and subjective performance measures).
 - Topic 9: Attracting and Retaining Employees (Brickley *et al.*, 2007: Chapter 14, pp. 381-398; and Lazear and Shaw, 2007)
 - Topic 10: Decision Rights (Brickley *et al.*, 2007: Chapter 12, pp. 326-341 and Chapter 13, pp. 357-370)

(The material is descriptive but more extensive than usual. It is therefore particularly advisable to carefully read and select the basic components).
 - Topic 11: Divisional Performance Evaluation (Brickley *et al.*, 2007: Chapter 17, pp. 477-496)
- Unit 5: Corporate Governance and Finance
 - Topic 12: Corporate Governance (Brickley *et al.*, 2007: Chapter 18, pp. 518-544)

(This topic focuses on the economic issues of corporations, assuming that the student is familiar with the basic legal concepts. Cooperatives will only be briefly discussed).
 - Topic 13: Financial Relations (Smith and Warner, 1979: pp. 117-131 and 147-152)

3. Bibliography

- Main bibliography:
 - In English:
 - BRICKLEY, J. A., C. W. SMITH Jr. & J. L. ZIMMERMAN. *Organizational Architecture. A Managerial Economics Approach*. 4th ed. Chicago: Irwin, 2007.
 - CARLTON, D. W. & J. M. PERLOFF. *Modern Industrial Organization*. 3rd ed. Addison-Wesley, 2000.
 - KERR, S. "On the Folly of Rewarding A While Hoping for B", *Academy of Management Executive*, 1995, vol. 9, no. 1, pp. 7-14.
 - LAZEAR, E. P., & K. L. SHAW. "Personnel Economics: The Economist's View of Human Resources", *Journal of Economic Perspectives*, 2007, vol. 21, no. 4, pp. 91-114.
 - SMITH, C. W., & J. B. WARNER. "On Financial Contracting: An Analysis of Bond Covenants", *Journal of Financial Economics*, 1979, vol. 7, pp. 117-161.
 - In Spanish:
 - ARRUÑADA, B. *Empresa, Mercado e Instituciones*. CizurMenor: Thomson Reuters, 2013.