



School of Economics and Management

## **BUSN13, Business Administration: Organizational Economics, 7.5 credits**

*Business Administration: Organizational Economics, 7,5  
högskolepoäng*

Second Cycle / Avancerad nivå

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### **Details of approval**

The syllabus was approved by Academic Director of Studies at Department of Business Administration on 2016-04-19 to be valid from 2016-08-29, autumn semester 2016.

### **General Information**

BUSN13 is a course on Business Administration at the advanced level.

*Language of instruction:* English

*Main field of studies*

Business Administration

*Depth of study relative to the degree requirements*

A1N, Second cycle, has only first-cycle course/s as entry requirements

### **Learning outcomes**

A pass on the course will be awarded to students who:

#### **Knowledge and understanding**

Have demonstrated knowledge and understanding of theories of organizational economics and their application across different practical contexts, with particular emphasis on:

- Transaction cost economics: Vertical integration, contractual hazards, centralization, and make- or buy decisions.
- Agency theory: The function of managerial hierarchy, the design of incentives, and the choice of organizational form.
- Property rights theory: The efficient ownership and control rights over productive assets in firms and society.

### **Competence and skills**

- Have demonstrated ability to apply theories and models to analyze the organization of economic activity and the role of different actors in the economic system.
- Have demonstrated ability to present academic applications and analyses of theories of organizational economics in the form of written papers.
- Have ability to apply theoretical concepts and models within organizational economics in order to handle problem identification and problem solving.
- Have ability to integrate and understand the economic principles that guide the design and development of efficient organization.

### **Judgement and approach**

- Demonstrate the ability to make assessments within the field of organizational economics, taking into account relevant scientific, social and ethical aspects, and demonstrate an awareness of ethical aspects of research.

### **Course content**

The objectives of this course are to promote theoretical perspectives as well as empirical knowledge about the organization of economic activity in firms and broader society. The aim is further to penetrate in more detail some of the key questions raised in transaction cost economics, agency theory, and property rights theory. Such questions include:

- What determines vertical integration in firms?
- What role does opportunism play in the decision to abandon market solutions?
- What motivates employees to make an effort?
- Is it really possible (and desirable) to align the interests of employees and management in firms?
- Who should own the means of production in an economy?
- What is ownership?
- What do we do when responsibilities and ownership rights cannot be completely defined (e.g., environmental pollution)?
- How does ownership of assets affect economic efficiency and wealth?
- How are efficient economic institutions developed?

The objective is also to provide the students with specific empirical case studies, which can serve both as empirical illustrations and as bases for theoretical analysis. The theoretical perspective should thereby prepare the students for analyzing and evaluating actual decisions about economic organization in firms, organizations, and society.

### **Course design**

The course is divided into five parts/themes:

- Introduction to organizational economics.
- Transaction cost economics: When should firms vertically integrate?
- Agency theory: How should firms provide their employees with incentives?
- Property rights theory: Who should own what, and why?

- Integrating different perspectives on organizational economics.

The course is based on lectures and classroom discussions about the books and articles used in the course. Different perspectives, both theoretical and practical encompassing for example transaction cost economics, agency theory, and property rights theory will be included.

The examination is carried out individually based on graded student papers and seminar participation. The course design is based on active student participation and students are expected to attend all activities.

## Assessment

See appendix including examination sessions.

*Subcourses that are part of this course can be found in an appendix at the end of this document.*

## Grades

Marking scale: Fail, E, D, C, B, A.

Grade (Definition) Points or % out of maximum points. Characteristic.

**A** (Excellent) 85-100. A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**B** (Very good) 75-84. A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**C** (Good) 65-74. The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought and lives up to expectations.

**D** (Satisfactory) 55-64. The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.

**E** (Sufficient) 50-54. The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.

**F** (U) (Fail) 0-49. The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.

Some occasional examination elements of the course may have the grading scale pass (D) / fail U(F).

*Plagiarism is considered to be a very serious academic offence. The University will take disciplinary actions against any kind of attempted malpractice in examinations and assessments. The penalty that may be imposed for this, and other improper practices in examinations or assessments, includes suspension from the University for a specific period of time.*

## Entry requirements

Students admitted to a Master Programme where this course is either a compulsory or elective part, are qualified for the course. For other students, at least 60 UCP or ECTS-cr in Business Administration is required. These must include a course in basic Business Administration (e.g. FEKA90 Business Administration: Introductory course in Business Administration).

## **Further information**

In case of closure of the course: Within three semesters after the course closure there will be offered three additional occasions for examination of respective examination part of the course, for students with no successful result. Note that after this you can get a certificate only regarding completed examination parts.

## Subcourses in BUSN13, Business Administration: Organizational Economics

Applies from H16

1601 Organizational Economics, 7,5 hp  
Grading scale: Fail, E, D, C, B, A