



MINI-COURSE: Economics of Organization: Old Puzzles and New Developments

16h

Professors: Claude Ménard and Emmanuel Raynaud

CONTENT AND REFERENCES

Class 1 a – Is Organization theory such a mess?	
Class 1 b - The variety of hybrid arrangements	
Professor Claude Ménard	Day: 13 th 9:00 – 13:00 pm
Objectives: Defining the landscape and pointing the key breakthrough and main flaws and problems in organization theory with a special attention to hybrid forms	
Must read references:	
<p>1. Gibbons, R. (2012) "Introduction", The Handbook of Organizational Economics (Gibbons and Roberts eds.), Princeton U Press, pp. 1-8.</p> <p>2. Menard, C. (2012) "Hybrid Modes of Organization. Alliances, Joint Ventures, Networks, and Other 'Strange' Animals". In R. Gibbons and J. Roberts, The Handbook of Organizational Economics, Princeton: Princeton University Press. Chapter 26: 1066-1108. Particularly sections 2, 5 and 6.</p>	
Presentations by students:	
<p>(1) The basic model of organization theory with hybrids, Williamson, O.E. (1996) "Comparative Economic Organization: The Analysis of Discrete Structural Alternatives. In <i>Mechanisms of Governance</i>, chap.</p> <p>(2) Why agency theory misses the point. Lafontaine, F. and Slade, M. (2007) "Vertical Integration and Firm Boundaries: Evidence". <i>Journal of Economic Literature</i>, pp. 629-685. Particularly section 2.1.2 and 2.2.3</p>	

<p>Class 2 – Incentives between and within firms</p> <p>Professor Emmanuel Raynaud</p>	<p>Day: 13th 14:00 – 18:00 pm</p>
<p>Objectives: the class will (briefly) surveys agency theory and will describe the various incentives mechanisms used in inter-firm contracts and within firms. Basic trade-offs will be described to explain the choice of incentive instruments.</p>	
<p>Must read references:</p> <ol style="list-style-type: none"> 1. Gibbons, R. (1998), "Incentives in Organizations", <i>Journal of Economic Perspective</i>, 12(4), 115-132. 2. Gibbons, R. (2005), "Incentives between Firms (and within)", <i>Management Science</i>, 51(1), 2-17. 	
<p>Presentations by students:</p> <ol style="list-style-type: none"> (1) Lafontaine, F (1992). Agency Theory and Franchising: Some Empirical Results. <i>The Rand Journal of Economics</i>, Vol.23, Issue 2 (Summer), 263-283. (2) Lazear, E (2000). Performance Pay and Productivity. <i>The American Economic Review</i>, V.90, n.5. December, 1346-1361. (3) Slade, M. (1996). Multitask Agency and Contract Choice: An Empirical Exploration. <i>International Economic Review</i>, Vol. 37, n. 2. May, 465-486. 	
<p>Class 3 – Internal organizations and organizational performance.</p> <p>Professor Emmanuel Raynaud</p>	<p>Day: 14th 9:00 – 13:00 pm</p>
<p>Objectives: Once the firm has set its boundaries, it has to decide of its internal organization. What organizational structure should be adopted? In this class we will describe different organizational structures as different allocation of decision rights/tasks and will analyze how to assess the performance consequences of organizational design.</p>	
<p>Must read references:</p> <ol style="list-style-type: none"> 1. Masten, S. (1993), "Transaction Costs, Mistakes, and Performance: assessing the Importance of Governance", <i>Managerial and Decision Economics</i>, 14(2), 119-129. 2. Baron, D., Besanko, D. (2001), "Strategy, Organization and Incentives: Global Corporate Banking at Citibank", <i>Industrial and Corporate Change</i>, 10(1), 1-36. 	
<p>Presentations by students:</p> <ol style="list-style-type: none"> (1) Armour, O. H; Teece, J.D (1978). A Test of the Multidivisional Hypothesis. <i>The Bell Journal of Economics</i>, Vol. 9, No. 1 (Spring), 106-122. (2) McElheran, K. (2013). Delegation in Multi-Establishment Firms:Evidence from I.T. Purchasing. <i>Harvard Business School, Working Paper</i>, 1-51. 	

<p>Class 4 – Plural forms: Taking stock, looking ahead</p> <p>Class 4 a: Inter-firm agreements: contextualization</p> <p>Class 4 b: Perspective on plural forms</p> <p>Professor Claude Ménard</p>	<p>Day: 14th 14:00 – 18:00 pm</p>
<p>Objectives: Embedding plural forms in a more general framework, coming back to our research program, and identifying questions to be solved (tentatively)</p>	
<p>Must read references:</p> <ol style="list-style-type: none"> 1. Lafontaine, Francine and Slade, Margareth (2010). Inter-firm contracts: evidence. 2. Menard, C. (2013) "Plural forms: where do we stand?" <i>Managerial and Decision Economics</i>. 	
<p>Presentations by students</p> <ol style="list-style-type: none"> (1) Plural forms: initial approach: Bradach J. (1997) "Using the Plural Form in the Management of Restaurant Chains", <i>Administrative Science Quarterly</i> 42(2): 276-303. (2) Are cooperatives hybrids? Menard, C. (2007) "Cooperatives: Hierarchies or Hybrids?" in J. Nilsson and K. Karantininis (eds), <i>Vertical Markets and Cooperative Hierarchies</i>. Berlin-Boston-Dordrecht-New York: Springer, chap.1, pp. 7-27. 	