

## Seminar Topics in Organizational Economics

**Lecturer:** Prof. Dr. Elisabeth Schulte

**Content:** We will have an in-depth discussion of selected formal-theoretical contributions to the literature on Organizational Economics.

**Objectives:** By engaging deeply with formal-theoretical analyses of problems in organizations, students learn to focus on the essence of the respective problem, to develop solutions, and to critically assess their limitations. They are enabled to critically discuss and to make educated comments to theoretical economic research on organizations. Successful seminar participants are able to present an assigned research paper to their peers. They are able to develop a research question in the context of Organizational Economics and to address it in a concise and coherent seminar paper, thereby adhering to scientific standards.

**Time and room:** See Marvin.

**Registration:** Via Marvin before April 15. The number of seminar places is limited to 20 (first-come-first-serve). You get access to the ILIAS a day after your registration.

**Examination:** Presentation (2 ECTS) & seminar paper (4 ECTS).

Week	Topic	
1	Seminar organization, assignment of papers for presentations	
2	No seminar sessions; time for preparation of presentations	
3		
4		
5	Seminar sessions as scheduled in Week 1	
6		
7		
8		
9	Coordination (failures)*	
10	Communication (failures)*	
11	Organizational rigidities*	
12		
13	Failures in the absence of incentive	
14	problems*	

### Complementary course:

The seminar is complemented by my lecture on " Organizational Economics" (6 ECTS). Though they are highly complementary, both courses can be studied independently of each other. Seminar participants without prior knowledge in Organizational Economics are strongly advised to participate in the lecture. Participation in the lecture sessions in weeks 8-14(\*) is mandatory for seminar participants.

### Seminar rules:

- The seminar sessions will be scheduled in the first meeting. Attendance in at least seven seminar sessions is mandatory. In addition, participation in the lecture sessions in weeks 8-14(\*) is mandatory.
- Each seminar participant presents a paper from the list below.

- A draft of the presentation material along with a short summary (one page) has to be submitted one week ahead of the presentation date.
- Each student has 30 minutes for his/her presentation.
- The presentation is graded and credited with 2 ECTS.
- Active participation in discussions is expected.
- Each seminar participant writes a seminar paper.
  - Based on the seminar presentation, a topic for the seminar paper will be jointly developed.
  - The seminar paper is supposed to be 12 pages long.
  - Scientific standards (in particular, regarding citations) have to be respected.
  - The seminar paper is due on August 15.
  - The seminar paper is graded and credited with 4 ECTS.

**List of papers (in alphabetical order):**

- Aghion, Philippe and Jean Tirole (1997): Formal and Real Authority in Organizations, *Journal of Political Economy* 105:1-29.
- Aghion, Philippe and Richard Holden (2011): Incomplete Contracts and the Theory of the Firm: What have we learnt over the past 25 years?, *Journal of Economic Perspectives* 25(2):181-97.
- Alchian, Armen A. and Harold Demsetz (1972): Production, Information Cost and Economic Organization, *American Economic Review* 62:777-95.
- Bénabou, Roland and Jean Tirole (2016): Bonus culture: Competitive pay, screening, and multitasking, *Journal of Political Economy* 124 (2):305-370.
- Dessein, Wouter, Andrea Galeotti and Tano Santos (2016): Rational Inattention and Organizational Focus, *The American Economic Review* 106(6):1522-1536.
- Fama, Eugene F. and Michael C. Jensen (1983): Separation of Ownership and Control, *Journal of Law and Economics* 26(2):301-325.
- Garicano, Luis (2000): Hierarchies and the Organization of Knowledge in Production, *Journal of Political Economy* 108(5):894-904.
- Gibbons, Robert (1998): Incentives in Organizations, *The Journal of Economic Perspectives* 12(4):115-132.
- Holmström, Bengt (1982): Moral Hazard in Teams, *Bell Journal of Economics* 13(2):324-340.
- Holmström, Bengt (1999): The Firm as a Subeconomy, *Journal of Law, Economics and Organization* 15(1):74-102.
- Lazear, Edward (2000): Performance Pay and Productivity, *American Economic Review* 90:1346-61.
- Sah, Raaj Kumar and Joseph E. Stiglitz (1988): Committees, Hierarchies and Polyarchies, *The Economic Journal* 98(391):451-470.
- Sah, Raaj K. and Joseph E. Stiglitz (1991): The Quality of Managers in Centralized Versus Decentralized Organizations, *The Quarterly Journal of Economics* 106(1):289-295.
- Tabellini, Guido (2008): The Scope of Cooperation: Values and Incentives, *Quarterly Journal of Economics* 123(3):905-950.
- Williamson, Oliver (1979): Transaction-Cost Economics: The Governance of Contractual Relationships, *Journal of Law and Economics* 22(2):233-261.