



UNIVERSITY
OF TASMANIA

Economics

Faculty of Commerce

BEA302

Economics, Management & Organisation

Semester 1, 2003

Unit Outline

Dr Michael Brooks

CRICOS Provider Code: 00586B

Contact details

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Unit details

School: Economics
Faculty: Commerce
Unit Title: Economics, Management & Organisation
Unit Code: BEA302
**Prerequisites/
Corequisites:** BEA110 Economics for Business
**Campus &
Mode:** Hobart, WebCT supported
Unit Weight: Third Year Unit, BEc BCom and BA (12.5%).
The unit may be taken as part of the student's second year program.
**Teaching
Staff:** Dr Michael Brooks

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Unit description

Aim

The purpose of this unit is to introduce students to the economic analysis of the managerial and organisational aspects of firms and organisations. The unit focuses on the solutions to the economic problems faced by managers; the determinants of managerial decisions and their impact both within the firm and within the market. The unit will begin with an outline of the economics used in the study of institutions/organisations. Among the issues covered in the unit are the purpose, design and limitations of contracts; the boundaries of the firm; the role of reputation and custom in promoting cooperation; and the function of “hybrid” organisational forms such as franchising, joint ventures and other cooperative strategies. In short, the focus is on the institutions that govern economic activity and especially the factors influencing the choice and design of organisational arrangements.

The goal is to provide you with the analytical tools that you can apply to real-world situations -- either those you read about in the newspaper or experience yourself after you graduate. This course will also provide you with a good foundation for many topics covered in certain M.B.A. programs, particularly those programs related to corporate strategy.

The unit will draw on a selection of the following topics:

1. Introduction: Basic Concepts for Economics of Organisations
2. Economic Darwinism
3. Building Block #1: Economic View of Behaviour
4. Building Block #2: Markets, Organisations and Knowledge
5. Building Block #3: Agency Costs
6. Organisation Architecture
7. Decision Rights: Centralisation versus Decentralisation
8. Decision Rights: Jobs and Subunits
9. Compensation Policy
11. Performance Evaluation: Divisional
12. Performance Evaluation: transfer Pricing
13. Strategy and Structure
14. Boundaries of the Firm: Vertical Integration
15. Franchising, Joint Ventures and other Cooperative strategies
16. Leadership and Managing Change

Prerequisites/corequisites

BEA110 Economics for Business

Assumed skills

I am assuming that you have passed and retained the knowledge gained in an introductory unit in microeconomics. If you need to refresh your understanding of the material, then read Brickley, Smith and Zimmerman, Chapter 4-7 inclusive. I will not be going over this material in the lectures or workshops. You are expected to have already mastered it.

Texts, references and learning resources

Prescribed Text

J. Brickley, C. Smith and J. Zimmerman, *Managerial Economics and Organizational Architecture*, 2nd Edition, McGraw-Hill Irwin, 2001.

Recommended Texts

Some students may wish to consult an alternative text from time to time on a particular issue.

Bensanko, D., D. Dranove and M. Shanley, *Economics of Strategy*, John Wiley & Sons, 2000.

Blair, Roger and Kenny, L.W., *Microeconomics for Managerial Decision Making*, McGraw-Hill, 1982.

Denzau, A., *Microeconomics: Status and Dynamics*, Irwin, 1992.

Dixit, A. and Nalebuff, *Thinking Strategically: The Competitive Edge in Business, Politics, and Everyday Life*, W.W.Norton, New York, 1991.

Douglas, E.J., *Managerial Economics: Analysis and Strategy*, 3rd ed. Prentice-Hall, 1987.

Douma, S. and H. Schreuder, *Economic Approaches to Organizations*, 3rd ed. Pearson Education Ltd, Harlow, England, 2002.

Earl, P.E. *Microeconomics for Business and Marketing; Lectures, Cases and Worked Essays*, Edward Elgar, Hants, 1995.

FitzRoy, F., Z. Acs and D. Gerlowski, *Management and Economics of Organization*, Pearson Education Ltd, 1998.

Hirschey, M. and Pappas, J. L. *Managerial Economics*, 7th Edition, Harcourt Brace, 1993.

Marshall, G.P. and McCormick, B.J., *Economics of Managerial Decision-Making*, Blackwell.

McMillan, John, *Games Strategies and Managers*, Oxford University Press, 1992.

Milgrom Paul R. and Roberts, D. John, *Economics of Organization and Management*, Prentice Hall, 1992

Miller, Gary J., *Managerial Dilemmas: The Political Economy of Hierarchy*, Cambridge University Press.

Rubin, P., *Managing Business Transactions: Controlling the Cost of Coordinating, Communication, and Decision Making*, The Free Press, New York, 1990.

Tullock, G., *Economic Hierarchies, Organization and the Structure of Production*, Kluwer Academic Publishers, Norwell Mass., 1992.

The assigned reading for the various topics can be found under the sub-heading {Handouts} under the unit code BEA302 on the unit WebCt page. A copy of the material or the book will be placed in the Reserve Section of the Morris Miller Library.

On some occasions I will make available material that I have written on various topics. They will be made available under the sub-heading {handouts} on the unit WebCT page.

Access to WebCT

The WebCT entry page is at <http://webct.utas.edu.au:8900/>. Click 'Log on to myWebCT' and enter the same username and password that you use for your University email account. Your personal WebCT page will appear, with the units in which you are enrolled listed at the top left of the screen. Click on the 'Economics, Management & Organisation' link to gain access to the home page for this unit. Details about WebCT features are available on <http://www.webct.com/quickstart>. If you run into problems with WebCT, contact the Help Desk on Telephone: 6324 3888, or Email: HelpDesk@weboffice.utas.edu.au.

Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf

Teaching arrangements

2 lectures per week: Monday Lecture 2 Life Science 10.00 Theatre 2 and Thursday 9.00 Lecture Theatre 3 Commerce Building

One workshop per week: Thursday 10.00 Lecture Theatre 3 Commerce Building

Lectures

There are two lectures a week during the semester. Lectures serve as an introduction to aspects of various topics covered in the unit. They are not exhaustive. Not all the issues covered in the sets readings are dealt with in the lecture. Lectures do *not* replace reading and thinking done in your own time.

As you can see from the unit outline there are more topics to be covered than teaching weeks. Either some topics will take less than a week to cover or I will ask you to read and work through the required material on your own.

Workshops

The workshops are designed to examine and discuss applications of the theory. The questions to be discussed in each workshop will be circulated in the week prior to the workshop.

Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

Learning strategies

If you need assistance in preparing for study please refer to your tutor or lecturer. For additional information refer to the Learning Development website :

<http://www.utas.edu.au/learndev/>

If you will be using WebCT for the first time and would like some information on how to use WebCT refer to the following guide:

http://www.utas.edu.au/coursesonline/docs/using_webct.pdf

Some of the units you will study use video conferencing to deliver lectures and tutorials. To enable you to get the best out of a video conference please refer to the following guide. <http://www.its.utas.edu.au/videoconf/vcstudentguide.pdf>

Assessment

Sixty percent of the weight in the final mark for this unit is allocated to a 3 hour end-of-semester examination. The final exam will be a comprehensive one covering the entire content of the unit.

Forty percent of the weight in the final mark for this unit is based on internal assessment. There will be two in-class tests, each worth 20 percent, scheduled as follows: The tests are scheduled in the two-hour slot on Thursday morning.

In-class Test 1 Week 8 Week beginning April 14

In-class Test 2 Week 12 Week beginning May 19

Each in-class test will last 110 minutes.

Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions that they have used. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. It is important that students understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is

Baumol, William (1986), "Productivity Growth, Convergence and Welfare", *American Economic Review*, vol. 76, pp. 1072-85.

Maddison, Angus (1970), *Economic Progress and Policy in Developing Countries*, London, Allen and Unwin.

For information on presentation of assignments :

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation or copying another student's work.

In fact the intentional copying and submission of someone else's work as one's own is a serious offence tantamount to academic fraud. It is a University offence punishable by a range of penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, exclusion from a unit, a course, or the University. **When in doubt consult your lecturer or tutor.** Details of penalties that can be imposed are available in the Ordinance of Student Discipline or at: www.utas.edu.au/plagiarism

Additional assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should raise these with your lecturer.

Student Services staff are located in Hobart, Launceston and Burnie and provide a wide range of services to assist students, they include:

- Student Counsellor
- Careers Adviser
- Disability Adviser
- Student Employment Service.

Or visit the Student Services website at :
<http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

Your contact Librarian for this unit is :

<http://www.utas.edu.au/library/about/contact.html#mm>

International Services website provides information on the assistance available to international students, visit their site at :
<http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies, visit their site at : <http://www.utas.edu.au/learndev/>

Help resolving concerns about this unit

If you have any concerns or complaints with the administration and/or management in this unit or your BEc course of either a general or personal nature, then you should in the first instance discuss the matter with your lecturer. If you feel that you would rather discuss the issue with an independent person within the School of Economics, then contact the Ombusperson:

Dr Sarah Jennings
School of Economics
Room 413
email sarah.jennings@utas.edu.au

If the matter is still unresolved and you would like to know who to contact or the procedures for resolving your concern refer to the following website :
<http://student.admin.utas.edu.au/services/complaints/index.html>

The Hobart based Tasmanian University Union (TUU) or the Launceston/Burnie based Student Association (SA) may also be able to assist.

Unit feedback

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to :

<http://www.admin.utas.edu.au/HANDBOOKS/UTASHANDBOOKS/STUDINFO/studeval.html>