

Teaching Plan

1. Description

- Subject title: **Business Economics**
- Academic year: **2011-2012** Course: **First** Trimesters: **First and Second**
- Bachelor: **IBE**
- Subject code: **Grad 21117**
- Number of ECTS credits: **9 (Tr1+Tr2)**
- Hours of student dedication: **225 (Tr1+Tr2)**
- Medium of teaching: **English**
- Professors: **Stephen Hansen and Federica Massa**

2. 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.

3. Skills to Be Acquired During the Course

Main Skills
<ol style="list-style-type: none"> 1. To be able to justify positions with consistent arguments, as well as to defend them publically 2. To be able to communicate proficiently, both orally and in writing, in either of the two official languages of Catalonia (Catalan and Spanish) to expert and non-expert audiences. 3. To be able to use English in all areas of work (reading, writing and speaking at a high level) 4. To develop the capacity to reason critically about controversial subjects. 5. To accept different points of view as a fundamental part of academic life and contemporary society, and to be able to put forth views while respecting other divergent opinions. 6. To have a proactive attitude in exploring often ignored matters, a fundamental skill in education and professional life. 7. To be able to apply acquired knowledge flexibly and creatively to new contexts and situations. 8. To be equipped to progress in further education autonomously and continuously. 9. To use appropriate information in the formulation of proposals and the resolution of problems.

10. To apply economic reasoning to decision-making and to take decisions in high risk situations.
11. To apply knowledge and appropriate procedures to a range of complex situations.
12. To identify the key factors of a problem.
13. To demonstrate a critical perspective when faced with diverse situations.

* These skills correspond to the general skills G2, G3, G4, G7, G8, G10, G11, G12, G16, G17, G18, G19, y G20 from the "Memoria para la solicitud de verificación de títulos oficiales".

Specific Skills

1. The course will allow the student to have a general vision about business and its principal functions.
2. The course will develop analysis of news sources related with business.
3. Teach students to prepare a business case.
4. Make initial presentations in public about business cases.

4. 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 "Organizational Economics 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)
(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)
- 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).
- Unit 5: Finance and governance
 - Topic 11: Financial Relations (Smith and Warner, pp. 117-131 and 147-152)
 - 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).

Remarks

1. Students must review the reading materials before the first session on each topic (see section "8. Activity planning").
2. Students should make substantial efforts to summarize the most important aspects of each reading.
3. Each professor will specify during class and distribute via Campus Global (or other means) any additional material for practice classes and seminars.

5. Evaluation

The course is based on the principle of continuous evaluation of students, with a special emphasis on attaining knowledge and skills.

1. Therefore, the theory class and seminar participation together with the individual analysis of case studies and exercises represent 40% of the final mark, while the exam represents 60%. *In order to pass the course, the exam must have a minimum level of "Pass" ("Aprobado"), and class participation must have a minimum mark of 4 out of 10.*
2. If a student fails to pass the course, the mark for participation will be transferred to the September exam, which will also account for 60% of the final mark.
3. Each trimester's course is independent, and the final report will be signed jointly by the professors of the two trimesters. Both professors have equal responsibility over the subject and the final mark.
4. The internal evaluation for each trimester shall be kept separately. If the student obtains a mark of at least 5 in each of the two trimesters, the average of the two course marks shall be calculated to give the final mark.

5. If, in either of the two trimesters, a student obtains a mark below 5, no average will be calculated. Instead, the final mark will be 4 and the student will have to retake the exam, in September, for the trimester in which he or she failed. The mark for the trimester that was passed will be retained.
6. Partial pass marks (i.e. per trimester or class/seminar participation) are not retained from one year to another.
7. The exam scheduled for September lasts for 4 hours, 2 for each trimester.

6. Bibliography and Teaching Materials

- 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.
 - SMITH, C. W., & J. B. WARNER. "On Financial Contracting: An Analysis of Bond Covenants", *Journal of Financial Economics*, 1979, vol. 7, pp. 117-161.
 - The relevant excerpts (in Spanish) are available in a dossier at "OCE". New cases and exercises, some including solutions, are available at <http://www.arrunada.org/AO/>.
 - Complementary Bibliography in Spanish:
 - ARRUÑADA, B. *Teoría contractual de la empresa*. Madrid: Marcial Pons, 1998.
 - Additional Readings:
 - MILGROM, P.; ROBERTS, J. *Economics, Organization and Management*. Englewood Cliffs, NJ: Prentice-Hall, 1992.
 - RUBIN, P. H. *Managing Business Transactions*. New York: Maxwell McMillan International, 1990.
- Teaching materials:
 - Additional materials for each group will be available via Aula Global.

7. Methodology

The methodology is based on the following principles:

- Student autonomy
- The professor's role as mentor
- Systematic, continuous work

Students are specifically expected to:

1. Read the materials and reflect on them before the sessions.

2. Draw up any questions to be posed to the professors before and/or during the class.
3. Attend all class sessions.
4. Answer the professors' questions during the theory and seminar sessions.
5. Hand in, before each session, all case study analyses and exercises for discussion during class.

The professors are expected to:

1. Present the main elements of each topic during class and answer students' questions.
2. Evaluate the degree of understanding and knowledge of the class material. This will be done, during each session, by asking students at random questions on the reading material.
3. Illustrate the empirical application of the theoretical material through the analysis of case studies and exercises.

8. Activity Planning

First Trimester

<i>Week</i>	<i>Class activity grouping / activity type</i>
Week 1	Session 1: Introduction Session 1: Topic 1
Week 2	Session 1: Topic 1 Session 2: Topic 1
Week 3	Session 1: Topic 2 Session 2: Topic 2 Session 3: Seminar
Week 4	Session 1: Topic 2 Session 2: Topic 3
Week 5	Session 1: Topic 3 Session 2: Topic 3 Session 3: Seminar
Week 6	Session 1: Topic 4 Session 2: Topic 4 Session 3: Seminar
Week 7	Session 1: Topic 4 Session 2: Topic 5
Week 8	Session 1: Topic 5 Session 2: Topic 5 Session 3: Seminar
Week 9	Session 1: Topic 6 Session 2: Topic 6 Session 3: Seminar
Week 10	Session 1: Topic 6 Session 2: Final issues and questions Session 3: Seminar

Second Trimester

<i>Week</i>	<i>Class activity grouping / activity type</i>
Week 1	Session 1: Introduction Session 1: Topic 1
Week 2	Session 1: Topic 1 Session 2: Topic 1
Week 3	Session 1: Topic 2 Session 2: Topic 2 Session 3: Seminar
Week 4	Session 1: Topic 2 Session 2: Topic 3
Week 5	Session 1: Topic 3 Session 2: Topic 3 Session 3: Seminar
Week 6	Session 1: Topic 4 Session 2: Topic 4 Session 3: Seminar
Week 7	Session 1: Topic 4 Session 2: Topic 5 Session 3: Seminar
Week 8	Session 1: Topic 5 Session 2: Topic 5 Session 3: Seminar
Week 9	Session 1: Topic 6 Session 2: Topic 6 Session 3: Seminar
Week 10	Session 1: Topic 6 Session 2: Final issues and questions

Remarks — Reminder

1. Students must review the reading materials on each topic (see section "4.Contents") before the first session.
2. Students should make substantial efforts to summarize the most important aspects of each reading.
3. Each professor will indicate in class and distribute via Aula Global (or other means) any additional material for practice sessions and seminars.