

Teaching Plan

1. Description

- Subject title: **Business Economics**
- Academic year: **2013-2014** Course: **First** Trimesters: **First and Second**
- Bachelor: **ADE/ECO**
- Subject code: **20827**
- Number of ECTS credits: **9 (Tr1+Tr2)**
- Hours of student dedication: **225 (Tr1+Tr2)**
- Medium of teaching: **Spanish/English**
- Professors: **Pedro Belisario, Rosa Ferrer, Francisco Gutiérrez, Stephen Hansen, Andrés Hervás, Carlos Serrano, Clara Tami, Roger Cuscó, Jordina Madroñero, and Joan Tubau**

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 develop the capacity to reason critically about controversial subjects. 4. 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. 5. To have a proactive attitude in exploring often ignored matters, a fundamental skill in education and professional life. 6. To be able to apply acquired knowledge flexibly and creatively to new contexts and situations. 7. To be equipped to progress in further education autonomously and continuously. 8. To use appropriate information in the formulation of proposals and the resolution of problems. 9. To apply economic reasoning to decision-making problems. 10. To apply knowledge and appropriate procedures to a range of complex situations.

11. To identify the key factors of a problem.
12. To demonstrate a critical perspective when faced with diverse situations.

* These skills correspond to the general skills G2, G3, G7, G8, G10, G11, G12, G17, G18, G20, G21 and G22 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. 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 (Arruñada, 2013: Chapter 1, sections 1 to 3; pp. 25-41; except section 2.2.3 "Errores sistemáticos derivados de procedimientos heurísticos").
- Unit 2: Main Concepts and Models
 - Topic 2. Markets and Organizations (Arruñada, 2013: Chapter 2 pp. 79-98 and 110-131)

(This topic will be studied more thoroughly within the subject "Organizaciones Económicas y Mercados", during the second course. Specifically, this course will consider only the main ideas on the solutions to the economic problem presented in section 3 of the indicated chapter ("Soluciones Organizativas del problema económico", pp. 121-131.)
 - Topic 3. Coordination through Contracts (Arruñada, 2013: Chapter 3, pp. 137-151)
- Unit 3: Commercial Relations
 - Topic 4. Specific Assets and Relations with Suppliers (Arruñada, 2013: Chapter 4, pp. 181-205 and pp. 216-221)
 - Topic 5. Quality and Management (Arruñada, 2013: Chapter 5, pp. 225-235, 240-252 and 256-260)
- Unit 4: Human Resources
 - Topic 6. Labor Relations and Teams (Arruñada, 2013: Chapter 6, pp. 263-275)
 - Topic 7. Incentive Compensation and Risks (Arruñada, 2013: Chapter 4, pp. 311-320).

(This topic is studied in various subjects. We analyse here only its main components by means of a simple numerical example.)

- Topic 8. Performance Evaluation (Arruñada, 2013: Chapter 6, pp. 301-304; and Kerr, 1995)
 - Topic 9. Attracting and Retaining Employees (Arruñada, 2013: Chapter 6, pp. 278-289, 293-301 and 304-310 y Lazear y Shaw, 2007)
 - Topic 10. Decision Rights (Arruñada, 2013: Chapter 7, pp. 333-346; and Brickley et al., 2007: 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: Corporate governance and finance
 - Topic 11. Corporate Governance (Arruñada, 2013: Chapter 8, pp. 409-439)

(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).

 - Topic 12. Financial Relations (Arruñada, 2013: Chapter 8, pp. 405-409 and 439-461)

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. This course is composed of two parts, one in the first trimester and one in the second, with different professors and one single grade. Each trimester's professor produces a separate and independent evaluation, and each will sign the final grading report and have equal responsibility for deciding students' final grades.
2. Each trimester's grade will come from a mark for seminar participation and individual analysis of case studies (40%) as well as a final exam (60%). In order to pass (*aprobar*) each trimester, students must obtain at least a grade of 4/10 for participation and 5/10 for the final exam.
3. Students who fail to pass the final exam in either trimester can make it up. The make up will be in February for the first trimester and in May for the second. Which days the make-ups will be, as well as the times at which they will take place, will be announced during the course. The participation grade cannot be made up.
4. If a student receives a passing grade for both trimesters, the overall grade for the course is the average of the two grades for each trimester. If a

student does not receive a passing grade in *both* trimesters, the final mark will be 4. In this case, no exam or participation grades will be retained from

5. one year to another.

6. Bibliography and Teaching Materials

• Bibliography:

- In Spanish:
 - ARRUÑADA, B. *Empresa, Mercado e Instituciones*. Cizur Menor: Thomson Reuters, 2013.
- 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*. 3^a ed. Addison-Wesley, 2000.
 - KERR, S. "On the Folly of Rewarding A While Hoping for B", *Academy of Management Executive*, 1995, vol. 9, no. 1, pp. 7-14.
 - LAZEAR, E. P., & K. L. SHAW. "Personnel Economics: The Economist's View of Human Resources", *Journal of Economic Perspectives*, 2007, vol. 21, no. 4, pp. 91-114.
 - SMITH, C. W., & J. B. WARNER. "On Financial Contracting: An Analysis of Bond Covenants", *Journal of Financial Economics*, 1979, vol. 7, pp. 117-161.
- Additional readings in English:
 - MILGROM, P.; ROBERTS, J. *Economics, Organization and Management*, Englewood Cliffs, NJ: Prentice-Hall, 1992.
 - RUBIN, P. H. *Managing Business Transactions*. Nueva York: Maxwell McMillan International, 1990.

Additional cases and exercises, some including solutions, are available at <http://www.arrunada.org/AO/>.

• 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

Week	<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

Week	<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
Week 4	Session 1: Topic 2 Session 2: Topic 3 Session 3: Seminar
Week 5	Session 1: Topic 3 Session 2: Topic 3
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 Session 3: Seminar

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.