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## 2EL2220 – Organizational and market theories

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**Instructors:** Yannick PEREZ

**Department:** DÉPARTEMENT SCIENCES HUMAINES ET SOCIALES

**Language of instruction:** FRANCAIS

**Campus:** CAMPUS DE PARIS - SACLAY

**Workload (HEE):** 60

**On-site hours (HPE):** 35,00

**Elective Category :** Business Sciences

**Advanced level :** No

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### Description

The object of this course is the analysis of organizations, based on the tools of the enlarged microeconomics. Like other fields of application in economics, Organizational economics has experienced sustained development over the past 20 years. The economics of organizations involves the use of economic analysis and its methods to understand the existence, nature, 'design' and performance of organizations. The economic analysis of organizations is carried out in comparison with the markets and it covers, beyond the firm, organizational forms of great diversity (unions, social movements, agencies, schools, ...).

### Quarter number

SG6

### Prerequisites (in terms of CS courses)

This course is given only in French, and all the materials are also in French.

### Syllabus

1. Introduction
2. Chapter 1: Diversity of modes of organization in a market economy
  - a. Markets as a structuring mode of production and trade
  - b. Integrated organizations and the nature of the firm.
  - c.. Hybrid forms
  - d. The problem of arbitration between modes of organization
3. Chapter 2: Modes of coordination
  - a. Information processes
  - b. The role of contracts
  - c. Nature and function of hierarchy
4. Chapter 3. Incentives and motivations



- a. Incentives: basic models
- b. Incentives linked to the properties of the modes of organization

## 5. Conclusion

### **Class components (lecture, labs, etc.)**

The course is made up of two parts:

A first where the tools of economic theory of organizations are presented.

The second where they are implemented by student group projects working on typical situation in terms of Economics of organization

### **Grading**

The assessment consists of two exercises.

The first is a presentation of a typical situation in a student group. This work represents 60% of the final grade.

The last is a table assignment composed of 4 questions on the essential concepts of the course. This work represents 40% of the final grade.

### **Course support, bibliography**

Brousseau Eric – Glachant Jean-Michel, New Institutional Economics A Guidebook CUP Press.

Gibbons Robert & Roberts John, The Hanbook of Organisational Economics, Princeton.

### **Resources**

Students must come with their laptops.

This year only one group will be open for 33 students.

### **Learning outcomes covered on the course**

- Understand the challenges of creation, development and operation of economic organizations.
- Acquire the tools of contract theory
- Find out how to build incentives and coordinate teams
- Understand the determinants of the choice of organizational forms adapted to economic activities.

### **Description of the skills acquired at the end of the course**

At the end of this course, the students will understand why economic organizations work or not.

They will understand the problems of hierarchical management, principal agent, moral hazards and adverse selection. They will have analyzed incentive and remuneration systems and will have analytical tools to understand inter-industry relationships.