
Advances in Organizations

Period: a.y. 2021/22 – II sem.

Monday-

Thursday: 08:45-12:00

Instructor:

Prof. Miguel Espinosa

Dept. of Mgmt. & Tech. Room 4-D.2.07

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Course description

1. Overview:

This is a second year PhD course in organizations. The prerequisite for this course is a basic understanding of econometrics and moral hazard. This course covers three different topics that are current hot topics of research: Relational Contracts, Culture and leadership and the Role of Managers in Organizations. The aim is to cover, for each topic, the state of the art of methodologies and findings as well as current open questions in the field. This course will cover the theoretical foundations of the main theories behind these chosen topics but the emphasis will be in how researchers test these theories.

2. Deliverables

The grade will be composed by group take-home exam (70%) and a in-class presentation (30%). The take-home exam can be made in groups of maximum 2 students and will cover all the topics of the syllabus. The presentation is individual and will be based on the last two topics. It will last 10-15 minutes (depending on the number of enrolled students) and seeks to present one unpublished paper on the chosen topics. The selection of the paper requires approval of the professor. In these presentations, the students will explain the context and main findings of the paper and propose ways to improve it.

3. Structure

0. Introduction (1 Hour)
1. Relational Incentive Contracts (2 Hours)
2. Culture and Leadership (3 Hours)
3. What Managers do and its effect on Productivity? (3 Hours)

4. Readings:

This syllabus uses the following acronyms:

HOE: Gibbons, R., and J. Roberts. 2013. R. Gibbons and J. Roberts (eds.), *The Handbook of Organizational Economics*. Princeton, NJ: Princeton University Press.

- Introduction

Arrow, K. 1974. *The Limits of Organization*. New York: W.W. Norton & Co.

March, James and Herbert Simon. 1958. *Organizations*. New York, NY: John Wiley & Sons.

Introduction in HOE.

Bloom, N., Sadun, R., & Van Reenen, J. (2010). Recent advances in the empirics of organizational economics. *Annual Review of Economics*, 2(1), 105-137.

Garicano, Luis, and Luis Rayo. "Why organizations fail: models and cases." *Journal of Economic Literature* 54.1 (2016): 137-92.

Gibbons, Robert. "Incentives between firms (and within)." *Management Science* 51, no. 1 (2005): 2-17.

- Relational Incentive Contracts:

Malcomson, J. 2013. "Relational Incentive Contracts." Chapter 25 in *HOE*.

Levin, J. 2003. "Relational Incentive Contracts." *American Economic Review* 93: 835-57.

Baker, G., R. Gibbons, and K. J. Murphy. 1994. "Subjective Performance Measures in Optimal Incentive Contracts." *Quarterly Journal of Economics* 109:1125-56.

Baker, G., R. Gibbons, and K. J. Murphy. 2002. "Relational Contracts and the Theory of the Firm." *Quarterly Journal of Economics* 117: 39-83.

Macchiavello, R., & Morjaria, A. (2015). The value of relationships: evidence from a supply shock to Kenyan rose exports. *American Economic Review*, 105(9), 2911-45.

Foss, N. 2003. "Selective Intervention and Internal Hybrids: Interpreting and Learning from the Rise and Decline of the Oticon Spaghetti Organization." *Organization Science* 14: 331-49.

Gibbons, R. and R. Henderson. 2012. "Relational Contracts and Organizational Capabilities." *Organization Science* 23: 1350-64.

- Culture and Leadership:

Hermalin, Benjamin. 2013. "Leadership and Corporate Culture." Chapter 11 in *HOE*

Camerer, Colin and Roberto Weber. 2013. "Experimental Organizational Economics." Chapter 6 in *HOE*

Baker, George, Robert Gibbons, and Kevin J. Murphy. 1999. "Informal Authority in Organizations." *Journal of Law, Economics, and Organization* 15: 56-73.

Ichino, Andrea and Giovanni Maggi. 2000. "Work Environment and Individual Background: Explaining Regional Shirking Differentials in a Large Italian Firm." *Quarterly Journal of Economics* 115: 1057-90.

Weber, Roberto and Colin Camerer. 2003. "Cultural Conflict and Merger Failure: An Experimental Approach." *Management Science* 49: 400-15.

Martinez, Elizabeth, Nancy Beaulieu, Robert Gibbons, Peter Pronovost, and Thomas Wang. 2015. "Organizational Culture and Performance." *American Economic Review Papers & Proceedings* 105: 331-5.

Gibbons, Robert and Robert Kaplan. 2015. "Formal Measures in Informal Management: Can a Balanced Scorecard Change a Culture?" *American Economic Review Papers & Proceedings* 105: 447-51.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales. 2015. "The Value of Corporate Culture." *Journal of Financial Economics* 117: 60-76.

Gibbons, Robert and Laurence Prusak. 2020. "Knowledge, Stories, and Culture in Organizations", *American Economic Review Papers & Proceedings* 110: 187-92.

Weber, Roberto, Yuval Rottenstreich, Colin Camerer, and Marc Knez. 2001. "The Illusion of Leadership: Misattribution of Cause in Coordination Games." *Organizational Science* 12: 582-98.

- **What managers do and its effect in productivity**

Syverson, Chad. 2011. "What Determines Productivity?" *Journal of Economic Literature* 49: 326-65.

Ichniowski, Casey and Kathryn Shaw. 2013. "Insider Econometrics." Chapter 7 in *HOE*.

Gibbons, Robert and Rebecca Henderson. 2013. "What Do Managers Do? Exploring Persistent Performance Differences among Seemingly Similar Enterprises." Chapter 17 in *HOE*

Bloom, Nicholas, and John Van Reenen. "Measuring and explaining management practices across firms and countries." *The Quarterly Journal of Economics* 122.4 (2007): 1351-1408.

Bloom, N., Eifert, B., Mahajan, A., McKenzie, D., & Roberts, J. (2013). Does management matter? Evidence from India. *The Quarterly Journal of Economics*, 128(1), 1-51.

Bloom, N., Liang, J., Roberts, J., & Ying, Z. J. (2015). Does working from home work? Evidence from a Chinese experiment. *The Quarterly Journal of Economics*, 130(1), 165-218.

Bloom, N., Lemos, R., Sadun, R., Scur, D., & Van Reenen, J. (2014). JEEA-FBBVA Lecture 2013: The new empirical economics of management. *Journal of the European Economic Association*, 12(4), 835-876.

Bandiera, O., Prat, A., Hansen, S., & Sadun, R. (2020). CEO behavior and firm performance. *Journal of Political Economy*, 128(4), 1325-1369.

Bertrand, Marianne and Antoinette Schoar (2003): Managing with Style: The Effect of Managers on Firm Policies, *The Quarterly Journal of Economics*, 118 (4) : 1169–1208.