2013/14

Syllabus "Business Economics II"

Code: 102311 ECTS: 6

Degree	Year	Semester
Grade in Business Administration Grade in Economics	3	2

Contact

Language English

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Prerequisites

There are no prerequisites.

Objectives

This course will focus primarily on analyzing how the structure of the business contract can help to increase the value of the investments. To summarize this, different economic models have been used to analyze the structure of the firm's contracts.

Competence

Ability to adapt to changing environments.

Ability to communicate orally and in writing in English in order to synthesize and present oral and written work.

Ability to continue learning independently in the future, deepening the knowledge or initiating new areas of knowledge.

Delegating decision-making partners and provide them with the necessary incentives to take these decisions on behalf of the collective interest.

Demonstrate initiative and work independently when the situation demands it.

Identify competitors companies, see how they interact and develop optimal strategies in each case to stimulate competitiveness.

Identify companies make positive contributions to society, develop a socially responsible, and promote the development of instruments to measure objectives and assess these contributions.

Leading multidisciplinary and multicultural teams, implementing new projects, coordinate, negotiate and manage conflicts.

Organizing work, in terms of good time management and the organization and planning.

Make decisions in situations of uncertainty and demonstrate entrepreneurial spirit and innovative. Select and generate the information needed for each problem, analyze it and make decisions based on

this information.

Assess the ethical professional practice.

Learning outcome

Analyze the main motivation systems available to businesses.

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Apply knowledge of market structures to identify potential competitors and how companies compete with each other.

Evaluate the effect of different strategies on the competitiveness of the company.

Ability to adapt to changing environments.

Ability to communicate orally and in writing in English in order to synthesize and present oral and written work.

Ability to continue learning independently in the future, deepening the knowledge or initiating new areas of knowledge.

Classify different forms of a competing company.

Demonstrate initiative and work independently when the situation demands.

Designing efficient political motivation.

List the main competitors of a company.

Explain the origin and value the contribution of business to social welfare.

Leading multidisciplinary and multicultural teams, implementing new projects, coordinate, negotiate and manage conflicts.

Organizing work, in terms of good time management and the organization and planning.

Make decisions in situations of uncertainty and demonstrate entrepreneurial spirit and innovative.

Select and generate the information needed for each problem, analyze it and make decisions based on this information.

Critically evaluate issues of economic efficiency and the distribution of the wealth generated by businesses.

Assess the ethical professional practice.

Assess the interaction between strategy formulation and the internal organization of firms.

Contents

Unit 1. Firms and investment decisions.

- 1. Motivation: Example of the tribe. The problem of the Organization.
- 2. Firm vs. Market
 - Benefits and costs of the market solution
- 3. Economic theories of the firm
 - The firm according to the theory of Transaction Costs

The firm as a nexus of contracts

4. Some cases and examples

Unit 2. The firm, the entrepreneur and the strategic decisions.

- 1. The Entrepreneur
- 2. Investment valuation (NPV)
- 3. Ownership and investment funding

Unit 3: The presence of Specific Investments.

- 1. Specific investments and the related problems
- 2. Consequences of specific investments and possible solutions
 - Vertical integration, long-term contracts, outsourcing
- 3. The GM Fisher Body case
- 4. The Iberdrola and BASF case
- 5. Some numerical exercises and examples.

Unit 4: The presence of uncertainty in the firm, and the risk assessment.

- 1. Motivation
- 2. Basic concepts and tools
 - Risk and lotteries

Variance, covariance, certainty equivalent

- 3. Examples of insurance contracts
- 4. Diversification of risk and the entrepreneur

5. Wealth, ownership structure and risk distribution.

6. Numerical exercises.

Unit 5: The presence of Information Asymmetries.

- 1. The concept of adverse selection (and moral hazard) and contracts.
- 2. Some common cases and the relevance of the problem.
- 3. Solutions to the adverse selection problem.
- 4. Numerical exercises.

Teaching Methodology

Over the course we will develop the different sections of the program. There are some materials and activities for students to have previously worked in class and serve to motivate and enhance understanding of the subject.

Throughout each topic we will propose a series of exercises and activities.

Learning activities

Title (type activity)	Hours	ECTS	Learning outcome
Type: Directed			
Class	45	1,8	
Type: Supervised			
Tutoring	7,5	0,3	
Type: Self learning			
Home work, study	90	3,6	

Assessment criteria

There will be two elements in the final grade:

A final examination (check the exam calendar for the specific date) (individual assessment and 45% of grade). This exam will have both a practical part (problems) and a theoretical part.
Continuous assessment of the activities suggested during the course (55% of the final grade). This ongoing evaluation will include: a) a midterm exam (individual evaluation) of topics 1-3, and a weight of 30%, b) problems sets (group assessment) and a weight of 10% c) active participation in class discussions of the cases, small tests, news and exercises with a weight of 15%.

Regular attendance and completion of class exercises and activities scheduled during the course are required activities. It is necessary to pass the course participation (2 b) and c)) to pass the course. Of all the problems delivered throughout the semester, the instructor will choose and grade 5 at random (the same for all groups). All group members will receive the same grade. In this evaluation, which will count 10% for the final grade of the course, the appropriate response to the problem, the approach and the interpretation of the results will be considered.

To pass the final exam a minimum score of 4 is required on each part (theory and problems). Also, to pass the course a minimum score of 4 is required in each component of the final grade (continuous assessment and final examination). The final grade is the weighted average of these two components. If applying these weights the grade the student is 5 or higher, the course is passed. In those cases where the grade is below 4, the student must retake the course the following year. For those students who have

obtained a grade equal to or greater than 4 and less than 5 there will be a re-evaluation. The result of this reassessment will be a maximum of 5.

Students who, due to a justified reason, do not belong to any working group, nor attend the classes and the ongoing assessment of the problems of the course, should always take the midterm exam. Since there will be a lack of some listed skills and learning outcomes of the course, the highest rating that can be obtained in the course will be 8.

Those students that retake the course may decide either to keep the previous grade for the continuous assessment of the previous year, or submit the new assignments. In either case the midterm exam must be taken in order to pass the course.

Assessement activities

Títle	Weight	Hours	ECTS	Learning outcome
Continuous assessment	30%	5	0,2	All
Exam	70%	2,5	0,1	All

Bibliography

A set of notes provided by the professor, including theory and exercises, available for free in "Campus Virtual".