BUSINESS ECONOMICS I

PURPOSE OF THE COURSE

This course provides an overview of important topics like strategy, organization structures, control systems, leadership and motivation... which are fundamental in our understanding of organizations and that will provide a conceptual framework for future insights in those concepts.

PART 1. FUNDAMENTALS

1.1. Goals, Values and Performance
   - Strategy as a quest for value
   - Values, mission, and vision

1.2. Value Creation and Value Appropriation.
   - Building principles of value creation into strategy analysis
   - Conceptualizing value: economic, social, and environmental
   - Who gets what? Value appropriation

PART 2. THE ESSENTIAL ELEMENTS OF STRATEGIC LOGIC

2.1. The Basic Principles
   - The balance of supply and demand
   - Why supply sometimes cannot follow demand
   - A false dichotomy
   - The entry-deterring price
   - Rivalry
2.2. The Nuclear Unit of Strategic Analysis
   - When a sector is not a sector
   - How to make a correct competitive analysis
   - Finding the sources of profitability inside the company

2.3. Strategy, Institutions and Context
   - Generic strategies and institutional environments
   - Institutional and industry changes and strategy

2.4. Knowing & Learning in the Information Era?
   - Knowledge and learning as a source of competitive advantage?
   - The Knowledge-Based View of the Firm
   - Building the learning organization

PART 3. DESIGNING THE ORGANIZATION
3.1. Organizational Structures
   - Classifying organizational structures

3.2. Designing Organizations to Fit their Environment and Strategy
   - Basic concepts of organization design
   - A conceptual model for thinking about design decisions
   - Choosing the basic architecture of the organization
   - Strategic linking

3.3 Restructuring and Leading Change
   - Implementing new designs: managing organizational change

PART 4. CONTROL AND COORDINATION SYSTEMS
4.1. The nature of management control and coordination systems
   - Control techniques
   - Empowerment
   - Negotiating and working with groups

PART 5. MANAGING THE ORGANIZATION
5.1. Leadership
   - Leadership philosophies: Leaders should command or Leaders should be friendly.
• Participative management and democratic leadership.
• Fiedler’s Theory
• Leadership styles and group performance.
• Substitutes for leadership

5.2. Creating Effective Motivation and Reward Systems
• Work cultures
• Dynamic compensation strategies and tactics
• Aligning cultures and compensation
• Principles of dynamic pay

5.3. Managing Human Resources and Designing Motivating Jobs
• Producing sustainable competitive advantage through the effective management of people
• Job design and productivity

5.4. Managing through Organizational Culture
• Corporations, culture, commitment and consistency
• Motivation and social control in organizations
• The paradoxes of corporate culture

**Recommended Text:**
There is no (single) recommended text for the course. In each topic covered the students will be given a set of readings (obligatory or suggested) that will complement the class explanations, exercises & cases.
Evaluation criteria

**Evaluation in the examination at the end of the term**

- Participation in class: 10%
- Midterm Exam: 20%
- Group case report and presentation: 20%
- Final Exam: 50%

**Evaluation in the September retake exam**

- Participation in class: 10%
- Group case report and presentation: 20%
- Final exam: 70%

**Additional requirements**

1. All evaluation items are compulsory. Therefore failing to hand in work or take exams, save for justified reasons, imply 0 in that item. In case of justified absence, grades accumulate to the final exam. Failing to take the final exam implies the qualification of “Not Attended”.