

**THE UNIVERSITY OF HONG KONG**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**School of Economics and Finance**

**ECON6006 Economics of Organization and Strategy (2018 Spring)**

<b>GENERAL INFORMATION</b>		
<p><b>Instructor: Cheng Chen</b></p> <p><b>Email: <a href="mailto:ccfour@hku.hk">ccfour@hku.hk</a></b>  <b>Office: K.K.Leung 901</b>  <b>Phone:39178129</b>  <b>Office Hour: Tue. And Fri. 3-4 pm</b>  <b>Classroom: LB-7</b></p> <p><b>Pre-requisites: Microeconomic theory at the master-level; basic calculus, linear algebra and statistics.</b>  <b>Website: <a href="http://www.sef.hku.hk/~ccfour">http://www.sef.hku.hk/~ccfour</a></b></p>		
<b>COURSE DESCRIPTION</b>		
<p>The course studies what the firm is and how firm organization and strategies matter in the world economy. The whole course can be divided into four parts. The instructor will start the course with descriptive statistics on management quality of firms over the world. In addition, the teacher will show how managers work in daily life. In the second part, the instructor will teach basic models such as the standard adverse selection model (two-type) and the standard moral hazard model (two-action). In the third part, the instructor will teach applications of the basic models (family firms, optimal incentive contracts, firm hierarchy, incomplete contracts and theories of the firm). In the last part of this course, extended theoretical topics (e.g., limited liability constraint, relative performance measure, career concerns, tournament, multi-task) will be discussed in the class. Recent papers including the instructor's own papers will be discussed in the class. Both theoretical and empirical papers will be covered during the course (theory: 55% and empirical: 45%).</p>		
<b>COURSE OBJECTIVES</b>		
<ol style="list-style-type: none"> <li>1. <b>Provide students basic analytic tools of microeconomics.</b></li> <li>2. <b>Provide students basic analytic tools of reduced-form empirical analysis (diff-in-diff, IV regressions, clustering).</b></li> <li>3. <b>Develop students' ability to deal with cost-benefit analysis in real life.</b></li> </ol>		
<b>COURSE LEARNING OUTCOMES</b>		
Course Learning Outcomes	Aligned Programme Learning Outcomes	
CLO1 Understand what the firm is.	PLO 3, PLO 4	
CLO2 Master basic tools of microeconomic analysis (contract theory and economics of information).	PLO 1	
CLO3 Understand how firm-level frictions matter at the aggregate level.	PLO 3, PLO 4	
CLO4 Know how to implement reduced-form empirical analysis.	PLO 2	
<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>		
Course Teaching and Learning Activities	Expected	Study Load

	contact hour	(% of study)
T&L1. Lectures	36 hours	30%
T&L2. Reading research papers	24 hours	20%
T&L3. Preparing for homework, the exam and the research proposal	36 hours	30%
T&L4. Self-study	24 hours	20%
<b>Total</b>	<b>120 hours</b>	<b>100%</b>

Assessment Methods	Brief Description (Optional)	Weight	Aligned Course Learning Outcomes
A1. Mid-term exam		20%	CLO 1, CLO 2, CLO 3
A2. Final exam		60%	CLO 1, CLO 2, CLO 4
A3. Presentation		10%	CLO 1, CLO 2, CLO 4
A4. Attendance and homework		10%	CLO 1, CLO 2, CLO 4
	<b>Total</b>	<b>100%</b>	

#### STANDARDS FOR ASSESSMENT

##### Course Grade Descriptors

A+, A, A-	Candidate has consistently demonstrated a thorough grasp of the subject as evidenced by original or exceptionally astute analysis and synthesis...
B+, B, B-	Candidate frequently demonstrated a substantial grasp of the subject ...
C+, C, C-	... some of the responses are well organized, clear but with insufficient elaboration...
D+, D	... solutions to questions and problems containing unstructured but relevant observations, and marginally interesting and ...
F	... little evidence of basic familiarity with the subject...

##### Assessment Rubrics for Each Assessment (Please provide us the details in a separate file if the space here is not enough)

The scale of the mid-term and final exams: letter grades.

Only letter grades (A+, A, A-, B+, B, B-...) are given to MEcon students.

#### COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

Part one: 2 weeks.

Part two: 2 weeks.

Part three: 5 weeks.

Part four: 2 weeks.

**REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS** (e.g. journals, textbooks, website addresses etc.)

**There is no required textbook for this course. The instructor will upload and use his lecture notes. Bolton and Dewatripont's "Contract Theory" (Princeton University Press) and Gibbons' "Handbook of Organizational Economics" (Princeton University Press) are two good references.**

**MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE**

- conducting mid-term survey in addition to SETL around the end of the semester
- Online response via Moodle site
- Others: \_\_\_\_\_ (please specify)

**COURSE POLICY** (e.g. plagiarism, academic honesty, attendance, etc.)

**Standard rules of HKU apply.**

**ADDITIONAL COURSE INFORMATION** (e.g. e-learning platforms & materials, penalty for late assignments, etc.)

**This course is a research-oriented course. After taking this course, the students should be familiar with frontier research and able to conduct his or her own research project.**