



FAI3102 Economics, Organization and Incentives- Introduction Course 7.5 credits

Organisation och incitament ur ett nationalekonomiskt perspektiv- introduktionskurs

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

Establishment

Course syllabus for FAI3102 valid from Autumn 2011

Grading scale

Education cycle

Third cycle

Specific prerequisites

Admission to postgraduate studies.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The general purpose of the course is to make you familiar with modern economic theory related to choice of organizational structure on different levels (nation, firm etc), including the design of contracts in different situation. A crucial aspect is then what incentives different alternatives structures/contracts lead to.

Course contents

- Does Organization matter?
- Using prices for coordination and motivation.
- Coordinating plans and actions; prices vs quantities, centralisation-decentralisation.
- Bounded rationality and private information: complete vs incomplete contracts, adverse selection, signalling.
- Moral hazard and performance incentives.
- Risk sharing and incentive contracts.
- Rents and efficiency: The efficiency wage theory, reputation, influence activities.
- The concept of ownership. Efficient allocation of ownership.
- The boundaries and structure of the firm.
- Financial structure, ownership and corporate control.

Course literature

The literature consists of a text book and scientific articles.

The course literature is announced at least four weeks before course start.

Examination

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

Written exam.

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.

- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.