COURSE CONTENT

Course Coordinator  
Tan Teck Yong

Course Code  
HE4023

Course Title  
Economics of Corporate Management

Pre-requisites  
HE2001 Intermediate Microeconomics

No of AUs  
4

Contact Hours  
52 hours (2 hours lecture and 2 hours tutorial per week)

Course Aims
This course will equip you with a framework to evaluate corporate decisions that will be relevant for management in various types of organizations. You will be introduced to the use of agency theory to understand how firms and organizations make strategic corporate decisions while being embedded in a chain of inter-connected relationships with employees, suppliers, customers and partners; and how the nature of the relationships change in response to both past actions and to the broader context in the economy. The theories will be complemented with recent empirical findings on corporate management innovations and case studies of some recent well-known failures of big organizations. The course will also lay the foundation for you to identify interesting questions and embark on research in corporate management for your honours thesis and/or future graduate studies.

Intended Learning Outcomes (ILO)
By the end of this course, you (as a student) would be able to:

1. Explain the differences between organizations and market transactions, and identify the conditions under which one is preferred over the other.
2. Describe the central frictions and trade-offs faced by strategic individuals in their relationships within and across organizations.
3. Describe the different ways that individuals derive motivation to act in the interest of the organization.
4. Critically evaluate whether a real-world management practice is suitable to achieve its designated goal.
5. Describe the major aspects of corporate management that economists are still lacking in their understanding about, and identify interesting research questions in these aspects.
6. Explain the role of corporate management in organizations in the broader context of the economy and its implications on government regulations such as labour laws, corporate governance requirements and anti-trust laws.
Course Content
1. Market versus organizations: Why do firms exists?
5. Motivation IV: Executive and Managerial Compensations.
11. Organization Failure II: (Mis-)Allocation of Authority

Assessment (more details will be announced in class)
CA1 : 20%
CA2 : 20%
CA3 : 10%
Final Examination: 50%

Total 100%

Reading and References
There is no textbook assigned for this course. There are three reasons for this:

1. The best undergraduate textbook related to the course is *Economics, Organizations and Management* by Milgrom and Roberts. But this textbook has not been updated since 1992 and hence does not contain the essential recent empirical evidence and case studies. It is also selling at over USD100 which makes it an unworthy investment for its content.
2. The instructor will provide extensive lecture notes with references to the current literature.
3. You will be assigned scholarly papers to read in preparation for tutorials.

Course Instructors

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<tr>
<th>Instructor</th>
<th>Office Location</th>
<th>Phone</th>
<th>Email</th>
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<tr>
<td>Tan Teck Yong</td>
<td>SHHK 04-65</td>
<td>6513 8107</td>
<td><a href="mailto:teckyongtan@ntu.edu.sg">teckyongtan@ntu.edu.sg</a></td>
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