

List of Papers and Material due at the Final for Econ 159

Ricard Gil

If you bought the suggested book for the course,

Economics, Organization and Management (Paul Milgrom and John Roberts), Englewood Cliffs: Prentice-Hall, 1992. ISBN: 0-13-224650-3,

during the quarter we covered topics in chapters 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 15 and 16. Not all content in these chapters has been covered in class, so use this only as a consulting source more than the only source of study.

List of Papers

Classics:

Smith, Adam.

<http://www.econlib.org/library/Smith/smWN1.html#B.I,%20Ch.1,%20Of%20the%20Division%20of%20Labor>

Coase, Ronald. 1937. "The Nature of the Firm." *Economica*, 4: 386-405.

Alchian, Armen and Harold Demsetz. 1972. "Production, Information Costs, and Economic Organization." *American Economic Review*, 62: 316-25.

Vertical Integration and the Boundaries of the Firm:

Gibbons, Robert. 2005. "Four Formal(izable) Theories of the Firm?" *Journal of Economic Behavior and Organization* 58: 202-247 (Sections 1-3).

Klein, Benjamin, Robert Crawford, and Armen Alchian. 1978. "Vertical Integration, Appropriable Rents and the Competitive Contracting Process." *Journal of Law and Economics* 21:297-326.

Coase, R. "The Acquisition of Fisher Body by General Motors," *Journal of Law and Economics*, April 2000, Volume 43, Number 1.

Freeland R. "Creating Holdup through Vertical Integration: Fisher Body Revisited," *Journal of Law and Economics*, April 2000, Volume 43, Number 1.

Casadesus-Masanell, R and D. F. Spulber "The Fable of Fisher Body," *Journal of Law and Economics*, April 2000, Volume 43, Number 1.

Klein, B. "Fisher—General Motors and the Nature of the Firm," *Journal of Law and Economics*, April 2000, Volume 43, Number 1.

Coase, R. "The Conduct of Economics: The Example of Fisher Body and General Motors," *Journal of Economics & Management Strategy*, Vol. 15, pp. 255-278, Summer 2006.

Monteverde, Kirk, and David Teece. 1982. "Supplier Switching Costs and Vertical Integration in the Automobile Industry." *Bell Journal of Economics* 13: 206-12.

Masten, Scott. 1984. "The Organization of Production: Evidence from the Aerospace Industry." *Journal of Law and Economics* 27: 403-17.

Joskow, Paul. 1985. "Vertical Integration and Long-Term Contracts: The Case of Coal-Burning Electric Generation Plants." *Journal of Law Economics and Organizations* 1: 33-80.

Baker, George and Thomas Hubbard. 2003. "Make versus Buy in Trucking: Asset Ownership, Job Design, and Information." *American Economic Review* 93: 551-72.

Woodruff, Christopher. 2002. "Non-contractible Investment and Vertical Integration in the Mexican Footwear Industry." *International Journal of Industrial Organization* 20: 1197-1224.

Azoulay, Pierre. 2004. "Capturing Knowledge Within and Across Firm Boundaries: Evidence from Clinical Development." *American Economic Review*, 94(5), pp. 1591-1612.

Weber, Katherine Seger, and Linda Hill. 1995. "Rudi Gassner and the Executive Committee of BMG International (A)." Harvard Business School Case #9-494-055.

Aghion, Philippe and Jean Tirole. 1994. "On the Management of Innovation." *Quarterly Journal of Economics* 109, 1185-1207.

Bajari, Patrick and Steven Tadelis. 2001. "Incentives Versus Transaction Costs: A Theory of Procurement Contracts." *RAND Journal of Economics*, 32:3, 287-307.

Bhattacharyya, Sugato and Francine Lafontaine. 1995. "Double-Sided Moral Hazard and the Nature of Share Contracts." *Rand Journal of Economics* 26: 761-81

Klein, Benjamin. 1996. "Why Hold-ups Occur: The Self-Enforcing Range of Contractual Relationships." *Economic Inquiry* 34: 444-63.

Lerner, Josh and Robert Merges. 1998. "The Control of Technology Alliances: An Empirical Analysis of the Biotechnology Industry." *Journal of Industrial Economics* 46: 125-56.

Corts, Kenneth and Jasjit Singh. 2004. "The Effect of Repeated Interaction on Contract Choice: Evidence from Offshore Drilling." *Journal of Law, Economics, and Organization* 20: 230-60.

McMillan, John, and Christopher Woodruff. 1999. "Dispute Prevention Without Courts in Vietnam." *Journal of Law, Economics, and Organization* 15: 637-58.

Elfenbein, Daniel and Josh Lerner. 2003. "Ownership and control rights in Internet portal alliances, 1995-1999." *RAND Journal of Economics* 34: 356-69.

Lafontaine, Francine and Kathryn Shaw. 1999. "The Dynamics of Franchise Contracting: Evidence from Panel Data." *Journal of Political Economy* 107: 1041-80.

Eccles, Robert. 1981. "The Quasifirm in the Construction Industry." *Journal of Economic Behavior and Organization* 2: 335-57.

Hennart, Jean-Francois. 1993. "Explaining the Swollen Middle: Why Most Transactions Are a Mix of 'Market' and 'Hierarchy'." *Organization Science* 4: 529-47.

Ménard, Claude. 2004. "The Economics of Hybrid Organizations", *Journal of Institutional and Theoretical Economics*, 160(3): 345-376.

McQuade, Krista and Benjamin Gomes-Casseres. 1992. "Xerox and Fuji Xerox." Harvard Business School Case #9-391-156.

Decision-Making within Organizations:

Aghion, Philippe and Jean Tirole. 1997. "Formal and Real Authority in Organizations." *Journal of Political Economy* 105:1-29.

Foss, Nicolai. 2003. "Selective Intervention and Internal Hybrids: Interpreting and Learning from the Rise and Decline of the Oticon Spaghetti Organization." *Organization Science* 14: 331-49.

Aguilar, Francis and Arvind Bhambri. 1983. "Johnson & Johnson (A), (B)." Harvard Business School Case #384-053 and -054.

March, James. 1962. "The Business Firm as a Political Coalition." *Journal of Politics* 24:662-78.

Milgrom, Paul and John Roberts. 1988. "An Economic Approach to Influence Activities in Organizations." *American Journal of Sociology* 94:S154-S179.

Kreps, David. 1990. "Corporate Culture and Economic Theory." In J. Alt and K. Shepsle, eds. *Perspectives on Positive Political Economy*. Cambridge University Press.

Hermalin, Benjamin. 1998. "Toward an Economic Theory of Leadership: Leading By Example." *American Economic Review* 88: 1188-1206.

Weber, Roberto. 2006. "Managing growth to achieve efficient coordination in large groups." *American Economic Review* 96:1, 114-126.

Csaszar, Felipe. 2008. "Organizational Structure as a Determinant of Performance: Evidence from Mutual Funds." Unpublished manuscript, Wharton.
<http://www.rotman.utoronto.ca/userfiles/departments/STRATEGY/File/felipe%20csaszar%20paper.pdf>

Jones, Stephen. 1990. "Worker Interdependence and Output: The Hawthorne Studies Reevaluated." *American Sociological Review* 55:176-90.

Ichino, Andrea and Giovanni Maggi. 2000. "Work Environment and Individual Background: Explaining Regional Shirking Differentials in a Large Italian Firm." *Quarterly Journal of Economics* 115: 1057-90.

Mas, Alex and Enrico Moretti. 2009. "Peers at Work." Forthcoming, *American Economic Review*.

Bandiera, Oriana, Iwan Barankay, and Imran Rasul. 2005. "Social Preferences and the Response to Incentives: Evidence from Personnel Data." *Quarterly Journal of Economics* 120: 917-62.

Employment:

Lazear, Edward. 2000. "Performance Pay and Productivity." *American Economic Review* 90: 1346-61.

Baker, George. 1992. "Incentive Contracts and Performance Measurement." *Journal of Political Economy* 100: 3, 598-614.

Courty, Pascal, and Gerald Marschke. 2004. "An Empirical Investigation of Gaming Responses to Explicit Performance Incentives." *Journal of Labor Economics* 22: 23-56.

Oyer, Paul. 1998. "Fiscal Year Ends and Nonlinear Incentive Contracts: The Effect on Business Seasonality." *Quarterly Journal of Economics* 113:149-85.

Larkin, Ian. 2007. "The Cost of High-Powered Incentives: Employee Gaming in Enterprise Software Sales." Unpublished manuscript, Harvard Business School.
<http://faculty.haas.berkeley.edu/larkin/jobpaper.pdf>

- Roy, Donald. 1952. "Quota Restriction and Goldbricking in a Machine Shop," *American Journal of Sociology* 57:427-4.
- Burtis, Andrew, and John Gabarro. 1996. "Brainard, Bennis & Farrell." Harvard Business School Case #9-485-037.
- Waldman, Michael. 1984. "Job Assignment, Signaling, and Efficiency." *RAND Journal of Economics* 15:255-87.
- Brüderl, Josef, Andreas Diekmann, and Peter Preisendörfer. 1991. "Patterns of Intraorganizational Mobility: Tournament Models, Path Dependency, and Early Promotion Effects." *Social Science Research* 20:197-216.
- Prendergast, Canice. 1993. "The Role of Promotion in Inducing Specific Human Capital Acquisition." *Quarterly Journal of Economics* 108:523-34.
- Fernandez, Roberto, and Nancy Weinberg. 1997. "Sifting and Sorting: Personal Contacts and Hiring in a Retail Bank." *American Sociological Review* 62:883-902.
- Fernandez, Roberto, Emilio Castilla, and Paul Moore. 1999. "Social Capital at Work: Networks and Employment at a Phone Center." *American Journal of Sociology* 105: 1288-356.
- Ichniowski, Casey, Kathryn Shaw, and Giovanna Prennushi. 1997. "The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines." *American Economic Review* 87:291-313.
- Baron, James, and Michael Hannan. 2002. "Organizational Blueprints for Success in High-Tech Start-Ups: Lessons from the Stanford Project on Emerging Companies." *California Management Review* 44: 8-36.
- Fast, Norman, and Norman Berg. 1975. "The Lincoln Electric Company." Harvard Business School Case #376-028.
- Baker, George, Michael Gibbs, and Bengt Holmstrom. 1994. "The Internal Economics of the Firm: Evidence from Personnel Data." *Quarterly Journal of Economics*. 109: 881-919.
- Structures and Processes
- Radner, Roy. 1992. "Hierarchy: The Economics of Managing." *Journal of Economic Literature* 30: 1382-1415.
- Calvo, Guillermo and Stanislaw Wellisz. 1979. "Supervision, Loss of Control, and the Optimum Size of the Firm." *Journal of Political Economy* 86: 943-52.
- Garicano, Luis. 2000. "Hierarchies and the Organization of Knowledge in Production." *Journal of Political Economy* 108: 874-904.

Rajan, Raghuram and Julie Wulf. 2006. "The Flattening Firm: Evidence from Panel Data on the Changing Nature of Corporate Hierarchies." *Review of Economics and Statistics*. 88: 759-773.

Garicano, Luis and Tom Hubbard. 2006. "The Return to Knowledge Hierarchies." Working Paper Chicago GSB.

Stein, Jeremy. 2002. "Information Production and Capital Allocation: Decentralized vs. Hierarchical Firms." *Journal of Finance* 57: 1891-1921.

Liberti, Jose and Atif Mian. 2006. "Estimating the Effect of Hierarchies on Information Use." Working Paper Chicago GSB.

Holmstrom, Bengt, and Jean Tirole. 1991. "Transfer Pricing and Organizational Form." *Journal of Law, Economics, and Organization* 7: 201-28.

Bertrand, Marianne, Paras Mehta, and Sendhil Mullainathan. 2002. "Ferretting Out Tunneling: An Application to Indian Business Groups." *Quarterly Journal of Economics* 117: 121-48.

Baker, George. 1992. "Beatrice: A Study in the Creation and Destruction of Value." *Journal of Finance* 47: 1081-1119.

Schoar, Antoinette. 2002. "Effects of Corporate Diversification on Productivity." *Journal of Finance* 57: 2379-2403.

Baker, George P., and Karen Wruck. 1989 "Organizational Changes and Value Creation in Leveraged Buyouts: The Case of O.M. Scott & Sons Company." *Journal of Financial Economics* 25: 163-190.

Jensen, Michael. and Richard Ruback. 1983. "The market for corporate control." *Journal of Financial Economics* 11: 5-50.

Holmstrom, Bengt and Steven Kaplan. 2003. "The State of U.S. Corporate Governance: What's Right and What's Wrong?" *Journal of Applied Corporate Finance*, 15: 8-20.

Beyond Firms

Mulligan, C. Gil, R. Sala-i-Martin, X. 2004. "Do Democracies Have Different Public Policies than Nondemocracies?" *The Journal of Economic Perspectives*, Vol. 18, No. 1 (2004), pp. 51-74.

Levin, J. and Tadelis, S. 2008. "Contracting for Government Services: Theory and Evidence from U.S. Cities," forthcoming *Journal of Industrial Economics*.