

**THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS**

PhD Course Syllabus

Course Code/Title: [STRA6016] Organizational Economics and Business Strategy I

Course Description: This course is the first of the two-course sequence of organizational economics for doctoral students. The two courses will prepare research students for further study in organizational economics as well as related areas such as institutional economics, business strategy and human resource management, corporate finance, and innovation and entrepreneurship. In this course, we will cover a wide range of theoretical models and empirical studies based on the classic papers and some recent research. We place emphasis on the understanding of real-world phenomena and the combination between theory and empirics.

Course Objectives: The primary purpose of the course is to help students build up a toolbox for applied research. By the end of the class, students are expected to be able to write down a model to explain empirical phenomena by using or extending the models covered in the course. Students are also expected to be able to apply modern econometrics methods to empirical projects.

Pre-requisite: Knowledge of intermediate-level microeconomics, game theory, econometrics, and mathematics (such as elementary calculus and probability).

Assessment: 50% coursework; 50% examination

Course Learning Outcomes (CLOs) On completion of this course, students should be able to:	Aligned PLOs*				
	1	2	3	4	5
1. Gain familiarity with key issues in organizational economics	X	X			X
2. Build skills in developing applied models and applying econometric methods	X	X	X	X	
3. Identify research topics	X	X	X		X
4. Comment and assess works related to organizations	X		X	X	X

***Programme Learning Outcomes (PLOs) for Research Postgraduate Programme:**

1. Demonstrate critical understanding, at an advanced level, of up-to-date knowledge and research methodology of a particular field
2. Implement effective academic and personal strategies for carrying out research projects independently and ethically
3. Contribute original knowledge in response to issues in their specialist area
4. Communicate research findings at a diverse range of levels and through a variety of media
5. Evaluate one's own research in relation to important and latest issues in the field

COURSE DETAILS *(subject to change at instructor's discretion)*

Year/Semester: 2026-2027, First Semester

Time/Venue: Tuesday 13:00-15:50 (TBA) Friday 13:00-15:50 for Sep 4 (TBA)

Sep 1, 4, 15, 22, 29; **Oct** 6, 20; **Nov** 3, 10, 17; **Dec** 1

Instructor: Prof. FAHN, Matthias & Prof. GONG, Jie
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Office: KKL-912 and KKL-1337 (by appointment)

I. Teaching and Learning Activities

In-class and Out-of-class Activities (e.g. lectures, class discussion, papers reading, proposal writing)	Expected hour	% of student study effort
1. Lectures	30	30%
2. Class discussion	10	10%
3. Paper reading	30	30%
4. Homework	30	30%
Total	100	100%

II. Assessment

Assessment Components (e.g. assignments, problem sets, examination)	Weight	CLOs to be assessed				
		1	2	3	4	5
1. Presentations	25%	X	X	X	X	X
2. Problem sets	25%	X	X	X	X	X
3. Final exam	50%	X	X	X	X	X
Total	100%					

Students will be assessed based on the following performance standards:

Course Grade	Performance Standard
A	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, implement, evaluate and synthesis.
B	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, implement, evaluate and synthesis.
C	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning; such as describe and apply, but not at high levels of learning such as evaluate and synthesis.

D	Evidence of basic familiarity with the subject.
F	Little evidence of basic familiarity with the subject.

There will be four problem sets (two theoretical and two empirical) throughout the semester. In the last two weeks, students are required to give a presentation of the project he/she plans to pursue. At the end of the semester, there will be a written exam. Students' grades will be based on the assignments (presentations and problem sets) and exam performance.

III. Course Content and Tentative Schedule

Module 1: Incentives (Weeks 1-2)

Static moral-hazard problems (theory)

Multitasking (theory)

Teamwork (theory)

Incentives and performance (empirics)

Module 2: Informal Incentives and Relational Contracts (Week 3-4)

Career Concern (theory)

Relational Contracts: Basic Model (theory)

Relational Contracts: Applications (theory)

Relational Contracts (empirics)

Module 3: Empirical Methods for Management and Organization (Week 5-6)

Causal inference

Experiments, RCT, DID, RDD, IV

Module 4: Managers and Firms (Weeks 7-8)

Ownership (theory and empirics)

Hierarchy (theory and empirics)

Middle Managers, Leadership (theory and empirics)

Power and authority (theory and empirics)

Module 5: Technology, Management, and Organization (Weeks 9-10)

Module 6: Student presentations (Weeks 11-12)

IV. Required/Recommended Readings

This course will be based primarily on original academic articles. However, the following books and lecture notes are useful references. Students should read them selectively according to the technical level of the material.

Background reading

Arrow, K. (1974). *The Limits of Organization*. Norton & Company
Milgrom and Roberts (1992). *Economics, Organization & Management*. Pearson
Lazear, E. (1995). *Personnel Economics*, MIT Press
Roberts, J. 2004. *The Modern Firm: Organizational Design for Performance and Growth*. Oxford: Oxford University Press.
Hoffman and Stanton (2025), *People, Practices, and Productivity: A Review of New Advances in Personnel Economics*, Chapter for *Handbook of Labor Economics*

Textbooks

Salanie, B. (2005). *The Economics of Contracts: A Primer*, 2nd Edition. MIT Press
Bolton and Dewatripont (2005). *Contract Theory*. MIT Press
MacLeod (2022). *Advanced Microeconomics for Contract, Institutional, and Organizational Economics*, MIT Press
Gibbons and Roberts (Ed. 2012) *Handbook of Organizational Economics*. Princeton University Press
Angrist and Pischke. (2009) *Mostly Harmless Econometrics: An Empiricists' Companion*. Princeton University Press

Lecture Notes

Stole, Lars. (2001). *Lectures on the Theory of Contracts and Organizations*
Acemoglu and Autor. *Lectures in Labor Economics*
Barron and Powell (2018). *Lectures in Organizational Economics*

V. Course Policy

The University Regulations on academic dishonesty will be strictly enforced! Academic dishonesty is behaviour in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following types of cases:

- a. Plagiarism - The representation of someone else's ideas as if they are their own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be acknowledged. Please check the University Statement on plagiarism on the web: <http://www.hku.hk/plagiarism/>
- b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort.
- c. Cheating on In-Class Exams - The covert gathering of information from other students,

the use of unauthorized notes, unauthorized aids, etc.

- d. Unauthorized Advance Access to an Exam - The representation of materials prepared at leisure, as a result of unauthorized advance access (however obtained), as if it were prepared under the rigors of the exam setting. This misrepresentation is dishonest in itself even if there are not compounding factors, such as unauthorized uses of books or notes.

You are expected to do your own work whenever you are supposed to. Incident(s) of academic dishonesty will NOT be tolerated. Cheating or plagiarism of any kind would result in an automatic FAIL grade for the course plus strict enforcement of all Faculty and/or University regulations regarding such behaviour.