

NIVEAU « LICENCE »

PORTAIL ÉCONOMIE GESTION

The Firm and its Environment

UE 4, semestre 1

LECTURER:

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COURSE OBJECTIVES:

The objective of this course is to give students an introduction to contemporary theories of the firm. The course focuses on providing answers to two key questions that are central in modern theories of the firm: 1) what are the internal factors, both in terms of structure and in terms of human resource management, that account for differences in the performance of firms operating in the same markets and with access to the same technology; 2) what are the

factors that determine the firm's choices in terms of its boundaries, both horizontally and vertically. These questions are addressed in the course through class discussions of the writings of a number of key theorists who have shaped the way economists and management scholars think about the firm and analyze its behavior. They include Ronald Coase, GB Richardson, Masahiko Aoki, Alfred Chandler, Richard Nelson and Sidney Winter, and Herbert Mintzberg.

REQUIREMENTS: Students are required to have a good level in English reading, writing and oral comprehension. The lectures will be delivered entirely in English and the course includes a number of required readings in English. The final written exam will be given in English.

COURSE OUTLINE:

Session 1: Explaining vertical integration: the transactions cost and competency approaches

- a. Ronald Coase and the opposition between hierarchy and market
 - a. The advantages of internal organisation and the optimal size of the firm
- b. G.B. Richardson and the role of capabilities in the firm's internalisation of activities

Session 2: Alfred Chandler's research on the rise of the large-scale multi-divisional enterprise in the US.

- a. The analysis the Unitary and Multi-divisional enterprise structures: the link between strategy and structure
- b. The advantages of each type of organization
- c. The context conditions promoting the rise of the large enterprise in the US economy.

Session 3: The rise of the large-scale enterprise in France.

Required reading: M. Levy-Leboyer, "The Large Corporation in modern France", in Chandler ed., *Managerial Hierarchies*, Harvard University Press, 1980.

Session 4: Core Competence and the restructuring of the large-scale enterprise

- a. Defining core competence
- b. The relation between core competence and corporate strategy and structure

Required reading: Prahalad and Hamel, "The Core Competence of the Firm", *Harvard Business Review*, May-June, 1990

Session 5: Organizational hierarchy, work organization and the analysis of the Japanese firm

- a. M. Aoki and the analysis of the J-firm vs. the A-firm
- a. The decentralized production system in the J-firm
- b. The role of incentives and the 'virtuous circle' of learning
- c. Links to the financial system

Session 6: The 'Lean' Production Model

- a. The basic principles of the lean production model: eliminating waste and adding value

Required reading: Womack and Jones, "Lean Consumption", *Harvard Business Review*, 2005.

Session 7: Nelson and S. Winter: knowledge-based approaches to the firm

- a. Routines and the organization of the firm
 - a. The characteristics of routines
- b. Routines and 'tacit' knowledge
- c. Routines and organizational performance

Session 8: Organisational design, knowledge and innovation style

- a. F. Blacker's typology of forms of knowledge
 - a. Embrained, encoded, embodied, and embedded knowledge
- b. A. Lam's typology of forms of organization
 - a. The relation between organisational forms and innovation style

Session 9: Robotics and AI: A revolution in work organization?

Required reading to be assigned.

Session 10: Revision

ELEMENTS BIBLIOGRAPHIQUES :

Aoki, M. 'Towards an Economic Model of the Japanese Firm', *Journal of Economic Literature*, Vol. 28, Issue 1, pp. 1-27

Blackler, F. (1995) 'Knowledge, knowledge work and organisations: an overview and interpretation', *Organization Studies*, pp. 1021-46.

Chandler, A. *The Visible hand: the Managerial Revolution in American Business*, 1977, Harvard University Press.

Chandler, A. 'The Enduring Logic of Industrial Success', *Harvard Business Review*, March-April, 1990, pp. 130-42.

Clegg S. R., Hardy C., Nord W.R. (1996), *Handbook of Organization Studies*, London, Sage.

Coase, R. 'The Nature of the Firm', *Economica*, Vol. 4, Issue 6, 1937, pp. 386-405.

Coriat, B. and O. Weinstein, *Les Nouvelles Théories de la Firme*, Librairie Générale Française, 1995.

Foss, N. *Towards a Competence Theory of the Firm*, Taylor and Francis, 1996.

Lam, A. (2000), 'Tacit Knowledge, Organizational Learning and Societal Institutions: An Integrated Framework,' *Organizational Studies*, pp. 487-501

Mahoney, J. T. *Economic Foundations of Strategy*, Sage, 2005.

Mintzberg, H. (1983) *Structure in Fives: designing effective organizations*, Englewood Cliffs, NJ.

Nelson, R. and S. Winter, *An Evolutionary Theory of Economic Change*, Harvard University Press, 1982

Prahalad and G. Hamel, 'The Core Competence of the Firm', *Harvard Business Review*, May-June, 1990, pp. 79-91.

Rainelli, M. *Economie Industrielle*, Dalloz, 1989.

Richardson, GB. 'The Organisation of Industry', *Economic Journal*, Vol. 82, Issue 327, pp. 883-896.

Womack, J. and D. Jones, 'Lean Consumption', *Harvard Business Review*, March, 2005, pp. 1-11.