# Business and Human Resources Economy

## Prof. D. Bragoli, Prof. F. Cortelezzi

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course is divided into two distinct and complementary modules. The first module lectures will examine the evolution of the concept of the firm in the main theoretical contributions, from the neoclassical theory to the behavioural theories and the alternative theories on maximisation. Then, it will analyse the different forms of market, using the tools provided by the game theory. Finally, the course will focus on the reading of financial statements through national accounts.

During the second module, the course will first define the basic concepts of employment, unemployment and inactivity, followed by the main functional mechanisms of the labour market. The course will then examine the classical aspects of human resources economy from the company's point of view. In particular, the fundamental economic mechanisms underlying the choice of employment level and selection of workers will be illustrated, together with the main remuneration mechanisms. The module will conclude with a focus on the relationships that exist with other disciplines.

The course aims to provide students with the key concepts to interpret the context in which companies operate, as well as the most relevant critical analysis methodologies.

**Intended learning outcomes**

*Knowledge and understanding*. At the end of the course, students will be able to know and understand the functioning of the market in which companies operate, with a focus on the pricing and production strategies they adopt and the strategic interactions they have.

Furthermore, students will be able to understand the choices made by companies in terms of HR management, and interpret the most important trends in the job market, starting from the data collected by institutions.

*Ability to apply knowledge and understanding*. At the end of the course, students will be able to carry out a critical analysis of different topics, and explain them, adapting their speech to the audience.

*Independent judgement, Communication and Learning skills*. At the end of the course, students will be able to study and interpret, from a personal perspective, the topics explained in class, also using an interdisciplinary approach; in addition, they will be able to analyse specific topics in depth, and present them using the methodologies learned during the course.

***COURSE CONTENT***

**Module 1 *- Prof. D. Bragoli***

1. **The company.** Introduction: organisation, resources, and objectives.
2. **Economic organisation and efficiency**. Company and production in the Neoclassical theory. The company as a production function. The concept of efficiency. Prices and coordination. The role of prices within organisations.
3. **Elements of the game theory**. Games in strategic form: introduction, definition, and general principles. Various examples. Leading strategies. The Nash equilibrium in pure strategies. Mixed strategies. Beliefs. The Nash equilibrium in mixed strategies. Nash’s theorem.
4. **Imperfect competition**. Oligopoly models: Cournot, Bertrand, Stackelberg.
5. **Other theories of the firm**. The problems of the traditional theory. Behavioural theories. Alternative theories on maximisation. Multiple objectives.
6. **The macroeconomic reclassification of financial statements.** An outline of financial statements. The macroeconomic reclassification of the Income Statement and the Balance Sheet. Practical examples.

**Module** **2**- ***Prof. F. Cortelezzi***

1. The labour market. Unemployment: defining aspects. Unemployment statistics in Italy and in Europe. Types of unemployment. The stationary unemployment rate. Applications of economic policy: the Philips curve in an international comparison. Social shock absorbers: income integration tools for the unemployed and the Biagi law.

2. Labour demand and supply. The stylised facts. The short and long-term employment decisions of companies. The building of labour demand. The construction of the labour supply curve. Labour supply in the life cycle.

3. Balance in the labour market. Equilibrium in a single competitive labour market and applications of economic policies. Competitive equilibrium between labour markets and implications of economic policy: immigration.

4. Inside the company: information and recruitment process. How to attract the best candidates? The selection process. Types of contracts.

5. Staff economy. Remuneration systems: salaries linked to performance and hourly wages. Wage bargaining in Italy: trade unions and collective bargaining. Career systems: bonuses and profit sharing. Incentives and deferred remuneration. Applications of economic policy: the remuneration of managers. Efficiency wages.

6. Comparison with other disciplines. The sociological point of view. Relations with economics and law.

***READING LIST***

Regardless of class attendance, students will have to study the notes taken during the lectures and the material made available by the lecturer in class and on Blackboard. In addition, they will have to study the following texts:

First Module

Ecchia Gozzi, *Mercati, strategie e istituzioni*. *Elementi di microeconomia*, il Mulino, Bologna (last edition). Chapters 8 and 9.

Milgrom Roberts, *Economia, organizzazione e management*. Vol.I, il Mulino, Bologna (last edition). Chapters 2 and 3.

Sloman Wride Garratt, *Microeconomia*, Pearson (last edition). Chapter 8.

Pindyck Rubinfeld, *Microeconomia*, Pearson Pearson (last edition). Chapters 12, 13, and 17.1.

Second Module:

Borjas George J., *Economia del lavoro,* Francesco Brioschi Editore (last edition). Chapters 1, 2, 3, 4, 6, 9, 10, 11, 12.

Milgrom Roberts, *Economia, organizzazione e management Vol.II*, il Mulino, Bologna (last edition). Chapters 10, 11, 12, and 13.

***TEACHING METHOD***

Classroom frontal lectures, practical exercises in class, case studies.

***ASSESSMENT METHOD AND CRITERIA***

A written exam focusing on everything covered in the lectures and in the reading references which will be indicated.

There are two possible ways to carry out the exam:

METHOD 1 (standard)

The exam will be divided into a single 2-hour written test (1 hour for the first part and 1 hour for the second) consisting of three questions of 5 marks each for the first part and three questions of 5 marks each for the second part. To pass the exam it will be necessary to obtain at least a sufficient result (greater than or equal to 18). Overall, the following will be assessed: the relevance of the student's answers; their understanding and command of the topics covered together with their ability to summarise and express specific cases; their appropriate use of specific terminology; their identification of conceptual links between the various topics; and their ability to argue and critically debate current issues related to the course topics.

METHOD 2 (with interim tests)

The exam consists of two compulsory interim written tests.

i) The first interim test consists of a 1-hour written test on the first 30-hour module (which will take place only once every year in the second winter exam session), focusing on the programme of the first 20 hours, as well as a compulsory individual assignment focusing on the programme of the last 10 hours. The written test and the assignment will be marked out of thirty. The written test will contribute 80% and the assignment will contribute 20% to the final mark. The written test is equivalent, both in structure and assessment method, to method 1.

ii) The second interim test consists of a 1-hour written test on the second 30-hour module (which will take place during an early exam session) and covers the program relating to the second part of the course; it is equivalent, both in structure and assessment method, to method 1.

The final mark is based on the arithmetic average of the marks from the two interim tests. Only those who pass the first written test will be allowed to take the second test.

***NOTES AND PREREQUISITES***

There are no prerequisites for attending the course. It is open to anyone interested in the study of the fundamental elements of the economic models adopted by companies in the job market. However, a basic knowledge of micro and macroeconomics could be very useful.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.