# Strategies for Organizations

## Prof. Guido Merzoni; Prof. Laura Maria Ferri

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

The course intends to provide students with basic theoretical and applicative knowledge of techniques utilised within decisional and management processes in public organizations and private and non-profit companies. Students will acquire the ability to use such techniques for decisions in different and complex contexts in terms of objectives, missions and values.

*Knowledge and understanding*

At the end of the lectures of the first module, students will know the basic notions and tools of game theory with perfect information and how to apply them to the analysis of strategic interaction contexts. At the end of the lectures of the second module, students will know the basic notions and tools of Business Economy and the possibilities of their application to the study of private, public and non-profit organizations.

*Ability to apply knowledge and understanding*

At the end of the course, students will be able to:

- represent situations of strategic interaction in different contexts in the form of games, in normal and extended form;

- solve simple games in normal form, applying the criteria of simple and iterated dominance, Nash equilibrium and selection among multiple equilibria;

- solve simple games in extended form using the backward induction criterion and employ this technique to discuss the value of being bound to predefined behaviours and the contexts of repeated play;

– use the fundamental principles and language of the business economy;

– analyse the fundamental elements that determine organizations and their functioning;

– apply what learned in class to the analysis of a company by learning to understand the complexity of a real situation and to develop a critical judgment.

***COURSE CONTENT***

Module One: *Elements of strategic thinking* (Prof. Guido Merzoni)

The module focuses on the application of the basic tools of games theory with complete information to the analysis of strategic interaction. Particular emphasis will be placed on the following topics:

– the representation of strategic interaction in games in normal and extended form;

– the potential contrast between individual incentives and collective well-being: the prisoner’s dilemma;

– collective action and co-ordination problems;

– time inconsistency and the value of commitment;

– stable relations and co-operation.

Module Two: *Management of organizations* (Prof. Laura Maria Ferri)

This module takes an in-depth look at the issues of Corporate Economics and covers three macro-areas:

– *introduction to Corporate Economics*, students will explore the basic notions in reference to areas where people carry out economic activities;

– *corporate management*, students will explore the main management decisions and characteristics of the environment;

– *internal dynamics and corporate resources*, students will analyse the characteristics of organizational structures, governmental bodies and corporate resources.

***READING LIST***

For Module one:

A. Dixit-S. Skeath-D. McAdams, *Games of Strategy,* 5th Edition,W.W.Norton & Co., New York, 2020 (capp. 1-4, 8, 10).

A. Dixit-B. Nalebuff, *Thinking Strategically,* W.W.Norton & Co., New York, 1991 (capp. 1-5).

Further reading suggestions may be provided at the beginning of the module and in this case they will also be published on the *Blackboard* platform*.*

For Module two:

G. Airoldi-G. Brunetti-V. Coda, *Corso di Economia aziendale,* Il Mulino, Bologna, 2005.

Further indications might be given at the beginning of the module and in this case they will also be published on the *Blackboard* platform.

***TEACHING METHOD***

The two modules are taught lectures and exercises as well as discussions.

The Blackboard platform will be used to make study material available and support the course.

***ASSESSMENT METHOD AND CRITERIA***

The written test of the module ‘Elements of strategic thinking’ aims to assess students’ practical abilities in the use of the tools of game theory, in the normal and extended representation of the strategic interaction and in solving the corresponding games; calculation errors with the correct procedure are penalized with half point attributed to exercise or part of the exercise. The written test of ‘Management of organizations’ aims to assess students’ knowledge of definitions and theoretical and conceptual aspects related to the themes of economics and business management.

Module Two ‘Management of organizations’ has two assessment methods: the first one is based on participation in group work (40%) to be delivered at the end of the module and passing a final written test (60%); the second one includes a final written test with additional specific questions, aimed at verifying students’ acquisition of those skills and knowledge developed through participation in group work during the first assessment.

Group work aims to give students the opportunity to acquire knowledge related to business management that integrates what was discussed in class and is aimed at assessing the ability to analyse company dynamics in a real context.

Students can take the written exams for both modules during the official exam sessions on the same date or on two different dates. Students pass the exam when they have passed both exams for both modules with a minimum grade of 18/30. The final mark is determined by calculating the average mark of the three modules. The mark obtained from a single module will be combined with that of the other two by the scheduled examination session within the same academic year, therefore by the end of the last examination session in **August/September**. After this deadline, students will have to retake the tests for all two modules, according to the instructions indicated.

Any necessary changes will be communicated at the beginning of the course and on *Blackboard* platform.

***NOTES AND PREREQUISITES***

During the course *Blackboard* platform will be used, so students are advised to have their own access password and to monitor the dedicated page, as well as to verify that their registered email is correct so as not to miss communications from lecturers.

The course is composed of lectures and teaching material in both Italian and English.

A prerequisite for successfully completing this course is knowledge of the basic elements of micro-economic analysis, particularly the theory of markets (monopoly, perfect competition, oligopoly).

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.