The Firm, The Market, And The Law

In this collection of provocative essays, Joseph Heath provides a compelling new framework for thinking about the moral obligations that private actors in a market economy have toward each other and to society. In a sharp break with traditional approaches to business ethics, Heath argues that the basic principles of corporate social responsibility are already implicit in the institutional norms that structure both marketplace competition and the modern business corporation. In four new and nine previously published essays, Heath articulates the foundations of a "market failures" approach to business ethics. Rather than bringing moral concerns to bear upon economic activity as a set of foreign or externally imposed constraints, this approach seeks to articulate a robust conception of business ethics derived solely from the basic normative justification for capitalism. The result is a unified theory of business ethics, corporate law, economic regulation, and the welfare state, which offers a reconstruction of the central normative preoccupations in each area that is consistent across all four domains. Beyond the core theory, Heath offers new insights on a wide range of topics in economics and philosophy, from agency theory and risk management to social cooperation and the transaction cost theory of the firm.

This book investigates the assumptions that allow shareholders to align in voting decisions even in a context of severe market failures. The authors argue that the invisible hand of the market and the active hand of democracy can jointly bring about positive outcomes.

Few other economists have been read and cited as often as R.H. Coase has been, even though, as he admits, "most economists have a different way of looking at economic problems and do not share my conception of the nature of our subject." Coase's particular interest has been that part of economic theory that deals with firms, industries, and markets—what is known as price theory or microeconomics. He has always urged his fellow economists to examine the foundations on which their theory exists, and this volume collects some of his classic articles probing those very foundations. "The Nature of the Firm" (1937) introduced the then-revolutionary concept of transaction costs into economic theory. "The Problem of Social Cost" (1960) further developed this concept, emphasizing the effect of the law on the working of the economic system. The remaining papers and new introductory essay clarify and extend Coarse's arguments and address his critics. "These essays bear rereading. Coase's careful attention to actual institutions not only offers deep insight into economics but also provides the best argument for Coase's methodological position. The clarity of the exposition and the elegance of the style also make them a pleasure to read and a model worthy of emulation."—Lewis A. Kornhauser, Journal of Economic Literature Ronald H. Coase was awarded the Nobel Prize in Economic Science in 1991.

This original, provocative work makes a thorough and comprehensive enquiry into the relationship that exists between firms and markets, with separate, in-depth examinations of both the existence and inner organisation of the firm. Sautet develops an accomplished and convincing theory that encompasses a wealth of existing literature and leads it in an entirely new direction.

An Alternative to the Neoclassical Model

A New Approach to the Firm

How the Interplay between Trading and Voting Fosters Political Stability and Economic Efficiency

Markets and the Firm

Microeconomics with Endogenous Entrepreneurs, Firms, Markets, and Organizations

The Organizational Logic of Intellectual Property

Businesses around the world face increasing turbulence in their economic and social environments. The pace of change in market economies seems to be ever accelerating. In this book, the authors consider some of the implications for management of different views of the firm. They point to the need, in these days of global markets and increased uncertainty, for firms to be flexible and responsive to market-place requirements.

Entrepreneurship, long neglected by economists and management scholars, has made a dramatic comeback in the last two decades, not only among academic economists and management scholars, but also among policymakers, educators and practitioners. Likewise, the economic theory of the firm, building on Ronald Coase's (1937) seminal analysis, has become an increasingly important field in economics and management. Despite this resurgence, there is still little connection between the entrepreneurship literature and the literature on the firm, both in academia and in management practice. This book fills this gap by proposing and developing an entrepreneurial theory of the firm that focuses on the connections between entrepreneurship and management. Drawing on insights from Austrian economics, it describes entrepreneurship as judgmental decision made under uncertainty, showing how judgment is the driving force of the market economy and the key to understanding firm performance and organization.

The Theory of the Firm presents a path-breaking general framework for understanding the economics of the firm. The book addresses why firms exist, how firms are established, and what contributions firms make to the economy. The book presents a new theoretical analysis of the foundations of microeconomics that makes institutions endogenous. Entrepreneurs play a central economic role by establishing firms. In turn, firms create and operate markets and organizations. The book provides innovative models of economic equilibrium that endogenously determine the structure and function of economic institutions. The book proposes an 'intermediation hypothesis' - the establishment of firms depends on the effects of transaction costs and on the extent of the market.

American markets, once a model for the world, are giving up on competition. Thomas Philippon blames the unchecked efforts of corporate lobbyists. Instead of earning profits by investing and innovating, powerful firms use political pressure to secure their advantages. The result is less efficient markets, leading to higher prices and lower wages.

A Market-process Approach to Management

Market Microstructure

The Form of the Firm

Forward Markets, the Stock Market and the Theory of the Firm
The Economic Nature of the Firm
International Financial Markets and the Firm

Professor Spulber demonstrates how the intermediation theory of the firm explains firm formation by showing why firms arise in a market equilibrium with costly transactions. In addition, the theory helps explain how markets work by.

A behind-the-scenes, revelatory history of the controversial consulting firm traces its decades-long influence in both business and political arenas, citing its role in the establishment of mainstream practices and modern understandings about capitalism while evaluating the failures that have compromised its reputation. 60,000 first printing.

Presents a rigorous and balanced presentation of international financial markets and international corporate finance. Takes a unified approach based on arbitrage-fee pricing. Includes an in-depth discussion of the economic role of the forward rate and the value of the forward contract, a comprehensive discussion of when and why the firm can increase its value by hedging foreign exchange risk, an economic analysis of the various payment and credit insurance techniques used in international trade, and more.

This book presents a theory of the firm based on its economic role as an intermediary between customers and suppliers. Professor Spulber demonstrates how the intermediation theory of the firm explains firm formation by showing how they arise in a market equilibrium. In addition, the theory helps explain how markets work by showing how firms select market-clearing prices. Models of intermediation and market microstructure from microeconomics and finance shed considerable light on the formation and market making activities of firms. The intermediation theory of the firm is compared to existing economic theories of the firm including the neoclassical, industrial organization, transaction cost, and principal-agent models.

Market Structure, Market Conditions, Product Characteristics, and the Theory of the Firm
Critical Perspectives on Business and Management
Managerial Economics
Why Developing Countries Need More Large Firms
Theory and Practice
Workers' Control in Theory and Practice

An up-to-date analysis of the theory of the firm, including the latest research on the resource-based view.

This collection examines the forces, both external and internal, that lead corporations to behave efficiently and to create wealth. Corporations vest control rights in shareholders, the author argues, because they are the constituency that bear business risk and therefore have the appropriate incentives to maximize corporate value. Assigning control to any other group would be tantamount to allowing that group to play poker with someone else's money, and would create inefficiencies. The implicit denial of this proposition is the fallacy of the so-called stakeholder theory of the corporation, which argues that corporations should be run in the interests of all stakeholders. This theory offers no account of how conflicts between different stakeholders are to be resolved, and gives managers no principle on which to base decisions, except to follow their own preferences. In practice, shareholders delegate their control rights to a board of directors, who hire, fire, and set the compensation of the chief officers of the firm. However, because agents have different incentives than the principals they represent, they can destroy corporate value unless closely monitored. This happened in the 1960s and led to hostile takeovers in the market for corporate control in the 1970s and 1980s. The author argues that the takeover movement generated increases in corporate efficiency that exceeded $1.5 trillion and helped to lay the foundation for the great economic boom of the 1990s.

The Form of the Firm attempts to unveil the nature of the corporation as it exists in modern liberal societies. The author contends that economic theories understate the importance and danger of corporate power, and should be supplemented with a political analysis that foregrounds the sorts of political and moral values at stake in corporate activity.

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How America Gave Up on Free Markets
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The authors investigate the determinants of firm innovation in over 19,000 firms across 47 developing economies. They define the innovation process broadly, to include not only core innovation such as the introduction of new products and new technologies, but also other types of activities that promote knowledge transfers and adapt production processes. The authors find that more innovative firms are large exporting firms characterized by private ownership, highly educated managers with mid-level managerial experience, and access to external finance. In contrast, firms that do not innovate much are typically state-owned firms without foreign competitors. The identity of the controlling shareholder seems to be particularly important for core innovation, with those private firms whose controlling shareholder is a financial institution being the least innovative. While the use of external finance is associated with greater innovation by all private firms, it does not make state-owned firms more innovative. Financing from foreign banks is associated with higher levels of innovation compared with financing from domestic banks.

This volume features a series of essays which arose from a conference on economics, addressing the question: what is the nature of the firm in economic analysis? This paperback edition includes the Nobel Lecture of R.N. Case.

"This book presents a theoretical, historical and empirical account of the relationship between intellectual property rights, organizational type and market structure. Patents expand transactional choice by enabling smaller R&D-intensive firms to compete against larger firms that wield difficult-to-replicate financing, production and distribution capacities. In particular, patents enable upstream firms that specialize in innovation to exchange informational assets with downstream firms that specialize in commercialization, lowering capital and technical requirements that might otherwise impede entry. These theoretical expectations track a novel organizational history of the U.S. patent system during 1890-2006. Periods of strong patent protection tend to support innovation ecosystems in which smaller innovators can monetize R&D through financing, licensing and other relationships with funding and commercialization partners. Periods of weak patent protection tend to support innovation ecosystems in which innovation and commercialization mostly take place within the end-to-end structures of large integrated firms. The proposed link between IP rights and organizational type tracks evidence on historical and

contemporary patterns in IP lobbying and advocacy activities. In general, larger and more integrated firms (outside pharmaceuticals) tend to advocate for weaker patents, while smaller and less integrated firms (and venture capitalists who back those firms) tend to advocate for stronger patents. Contrary to conventional assumptions, the economics, history and politics of the U.S. patent system suggest that weak IP rights often shelter large incumbents from the entry threat posed by smaller R&D-specialist entities"--
Originally published: [New York]: Doubleday, 1991.
Use of Knowledge in the Market and the Firm
An Entrepreneurial Theory of the Firm
Adaptation, Specialization, and the Theory of the Firm
Economics: A Very Short Introduction
A Normative Political Theory of the Corporation
Innovators, Firms, and Markets
Economic and social progress requires a diverse ecosystem of firms that play complementary roles. Making It Big: Why Developing Countries Need More Large Firms constitutes one of the most up-to-date assessments of how large firms are created in low- and middle-income countries and their role in development. It argues that large firms advance a range of development objectives in ways that other firms do not: large firms are more likely to innovate, export, and offer training and are more likely to adopt international standards of quality, among other contributions. Their particularities are closely associated with productivity advantages and translate into improved outcomes not only for their owners but also for their workers and for smaller enterprises in their value chains. The challenge for economic development, however, is that production does not reach economic scale in low- and middle-income countries. Why are large firms scarcer in developing countries? Drawing on a rare set of data from public and private sources, as well as proprietary data from the International Finance Corporation and case studies, this book shows that large firms are often born large—or with the attributes of largeness. In other words, what is distinct about them is often in place from day one of their operations. To fill the “missing top†? of the firm-size distribution with additional large firms, governments should support the creation of such firms by opening markets to greater competition. In low-income countries, this objective can be achieved through simple policy reorientation, such as breaking oligopolies, removing unnecessary restrictions to international trade and investment, and establishing strong rules to prevent the abuse of market power. Governments should also strive to ensure that private actors have the skills, technology, intelligence, infrastructure, and finance they need to create large ventures. Additionally, they should actively work to spread the benefits from production at scale across the largest possible number of market participants. This book seeks to bring frontier thinking and evidence on the role and origins of large firms to a wide range of readers, including academics, development practitioners and policy makers.
Why are collective choices so stable and easy to make in practice, when in theory it should be totally otherwise? This question has puzzled social scientists since Condorcet in the eighteenth century. A striking illustration of this puzzle is the almost unanimous support of shareholders in publicly traded companies to the motions tabled by directors. Democracy, the Market, and the Firm investigates the behavioural assumptions leading to an alignment of shareholders, even in a context of severe market failures, and provides an analysis of the philosophical and axiomatic underpinnings of these assumptions. In sum, and figuratively, Crès and Tvede argue that the invisible hand of the market and the active hand of democracy can work hand in hand to give rise to a better world. The first part of the book explores the interplay between the voting and trading mechanisms. Two main arguments are proposed: on the one hand, the better the market works, the easier it is for majority voting to achieve political stability; on the other hand, among all market equilibria, those that are politically stable are more likely to be economically efficient. The second part of the book explores the feedback from collective choices to individual preferences.
Demonstrates the importance of social norms to firms and markets through historical context and theoretical and empirical evidence.
Economics has the capacity to offer us deep insights into some of the most formidable problems of life, and offer solutions to them too. Combining a global approach with examples from everyday life, Partha Dasgupta describes the lives of two children who live very different lives in different parts of the world: in the Mid-West USA and in Ethiopia. He compares the obstacles facing them, and the processes that shape their lives, their families, and their futures. He shows how economics uncovers these processes, finds explanations for them, and how it forms policies and solutions. Along the way, Dasgupta provides an intelligent and accessible introduction to key economic factors and concepts such as individual choices, national policies, efficiency, equity, development, sustainability, dynamic equilibrium, property rights, markets, and public goods. ABOUT THE SERIES: The Very Short Introductions series from Oxford University Press contains hundreds of titles in almost every subject area. These pocket-sized books are the perfect way to get ahead in a new subject quickly. Our expert authors combine facts, analysis, perspective, new ideas, and enthusiasm to make interesting and challenging topics highly readable.
Firms, Markets and Societies
Organizing Entrepreneurial Judgment
Business Systems in East Asia
Governance, Residual Claims, and Organizational Forms
The Problem of Production
A new theory of the firm

This paper develops an agent-based computational model to study the role of knowledge in shaping the institutional type and the internal organization of the institution through which economic activities are coordinated. The market and the firm are different institutions for coordinating economic activities in a system where knowledge is widely dispersed. While the market solves coordination problems by decentralizing decision-making, the firm solves coordination

problems by centralizing knowledge. The more dynamic and tacit the knowledge involved in an activity, the more difficult it is to centralize. The market has an advantage over the firm in activities with knowledge that is difficult to centralize. The nature of knowledge influences not only the choice between the firm and the market, but also the choice of the hierarchical structure within the firm. The more hierarchical the firm, the better is it at using dynamic knowledge, but the worse it is at using tacit knowledge. The choice of the hierarchy within a firm depends on the relation between dynamism and tacitness of knowledge. The division of an economy into different kinds of firms and markets may reflect the nature of knowledge in different economic activities.

In this major contribution to comparative-international business Richard Whitley compares and contrasts the dominant characteristics of firms and markets in Japan, South Korea, Taiwan and Hong Kong, relating these to their particular social, political and economic contexts. At the level of the firm he looks at such areas as management styles and structures, decision-making processes, owner-employee relations, and patterns of company growth and development. He also discusses market development, customer, supplier and inter-firm relations, and the roles of the financial sectors and the state in market and industry development. The book also examines the ways in which key social institutions in each country have affected the evolution of business. Finally, the author makes a comparison of East Asian business systems with dominant Western practices.

This book brings together classic writings on the economic nature and organization of firms, including works by Ronald Coase, Oliver Williamson, and Michael Jensen and William Meckling, as well as more recent contributions by Paul Milgrom, Bengt Holmstrom, John Roberts, Oliver Hart, Luigi Zingales, and others. Part I explores the general theme of the firm's nature and place in the market economy; Part II addresses the question of which transactions are integrated under a firm's roof and what limits the growth of firms; Part III examines employer-employee relations and the motivation of labor; and Part IV studies the firm's organization from the standpoint of financing and the relationship between owners and managers. The volume also includes a consolidated bibliography of sources cited by these authors and an introductory essay by the editors that surveys the new institutional economics of the firm and issues raised in the anthology.

Remarkably, a small fraction of firms account for most of the job and output creation in high-income and developing countries alike. Does this imply that the path to enabling more economic dynamism lies in selectively targeting high-potential firms? Or would pursuing broad-based reforms that minimize distortions be more effective? Inspired by these questions, this book presents new evidence on the incidence, characteristics, and drivers of high-growth firms based on in-depth studies of firm dynamics in Brazil, Côte d ' Ivoire, Ethiopia, Hungary, India, Indonesia, Mexico, South Africa, Thailand, Tunisia, and Turkey. Its findings reveal that high-growth firms are not only powerful engines of job and output growth but also create positive spillovers for other businesses along the value chain. At the same time, the book debunks several myths about policies to support firm dynamism that focus on outward characteristics, such as firm size, sector, location, or past performance. Its findings show that most firms struggle to sustain rapid rates of expansion and that the relationship between high growth and productivity is often weak. Consequently, the book calls for a shift toward policies that improve the quality of firm growth by supporting innovation, managerial skills, and firms ' ability to leverage global linkages and agglomeration. To help policy makers structure policies that support firm growth, the book proposes a new ABC framework of growth entrepreneurship: improving Allocative efficiency, encouraging Business-to-business spillovers, and strengthening firm Capabilities. This book is the third volume of the World Bank Productivity Project, which seeks to bring frontier thinking on the measurement and determinants of productivity to global policy makers. 'Policy makers often get carried away by the disproportionate contributions of high-growth firms to job and output growth and commit to pursuing policies targeting the potential ' stars. ' This book separates fact from fiction underpinning such interventions through a comprehensive analysis of high-growth firms across a range of developing countries, making a compelling argument that public policy to pick prospective winners is neither possible nor desirable. Policy makers would be wise to consult its arguments and policy advice when designing the next generation of policies to support the growth of firms.' William R. Kerr Professor of Business Administration, Harvard University; author of The Gift of Global Talent: How Migration Shapes Business, Economy and Society 'How to ignite and sustain high firm growth has eluded both economic analysis and thought leaders in policy and business. Through its meticulous and thoughtful analysis, this important new book provides a tractable framework to guide policy to harness the growth and productivity potential of firms in the developing-country context.' David Audretsch Distinguished Professor and Director of the Institute for Development Strategies, Indiana University .

High-Growth Firms

The Firm

Origins, Evolution, and Development

Foundations of the Resource-Based View

Division of Labor, Variability, Coordination, and the Theory of Firms and Markets

A Reader

The Theory of the Firm presents an innovative general analysis of the economics of the firm. A new approach to explaining the existence of firms and markets, focusing on variability and coordination. It stands in contrast to the emphasis on transaction costs, and on monitoring and incentive structures, which are prominent in most of the modern literature in this field. This approach, called the variability approach, allows us to: show why both the need for communication and the coordination costs increase when the division of labor increases; explain why, while the firm relies on direction, the market does not; rigorously formulate the

optimum divisionalization problem; better understand the relationship between technology and organization; show why the `size' of the firm is limited; and to refine the analysis of whether the existence of a sharable input, or the presence of an external effect leads to the emergence of a firm. The book provides a wealth of insights for students and professionals in economics, business, law and organization.

Boyes introduces readers to the power of economics in business decision making. The text's intuitive approach clearly highlights how economics influences marketing, management, and other business-related decisions. In addition to traditional principles of price theory, MANAGERIAL ECONOMICS, 2e, International Edition examines organizational behavior, strategic management, human resource management, and emerging issues such as game theory, TQM, and information economics.MANAGERIAL ECONOMICS, 2e, International Edition departs from convention to illustrate the role of economic intuition in making sound business decisions. While other texts focus on quantitative analysis, this book enphasizes logic and conceptual modeling -- reinforced by real-life examples -- to highlight the pivotal link between economics and key business concerns such as costs, prices, markets, and personnel. Readers learn to weigh the strategic costs and benefits of each business choice, instead of relying on popular quick-fix solutions. Ideal for MBA programs and less quantitative courses, MANAGERIAL ECONOMICS, 2e, International Edition demonstrates the power of economic insight on business decision making.

The OECD Glossary contains a comprehensive set of over 6 700 definitions of key terminology, concepts and commonly used acronyms derived from existing international statistical guidelines and recommendations.

Firm Innovation in Emerging Markets

Markets in the Firm

Governing the Firm

OECD Glossary of Statistical Terms

The Nature of the Firm

The Theory of the Firm

Neoclassical economics has been criticized from various angles by orthodox schools. The same can be said about its particular branch: the theory of the firm. This book demonstrates how a successful theory of the firm can be presented without flawed notions of a neoclassical framework and used to comprehend actual business history. The author argues that we should start fro the assumption that businesses are inevitably imponderable, as that is their nature, in the process of economic evolution. The book offers an in-depth exploration of neoclassical limitations by examining each of the small details associated with the famous MR = MC rule. It follows a step-by-step approach, which starts off with neoclassical assumptions and then moves into more empirically sound theory, based on modeling logic and rooted in real world examples. The author presents a novel discussion on the size of the firm, both in terms of classifying a firm's expansion and about the factors that limit the size of the firm and argues how formal pricing theory can be built using more indeterminate assumptions about firms. Further, there is a discussion on how firms are rooted in amorphous industries, which helps to explain economic progress better by emphasizing the importance of economic experiments, mistakes and bankruptcies. This is a valuable reference for scholars and researchers who are interested a range of topics from microeconomics, through pricing theory to industrial organization, history of economic thought and managerial economics.

The theory of the firm has been fertile ground for economists. Bylund proposes a new theory, rooted in Austrian economics, which examines the firm as a part of the market, and not as a free-standing entity. In this integrated view, a theory is offered which incorporates entrepreneurship, production, market process and economic development.

Economic Foundations of Strategy helps clarify the theoretical foundations of management strategy. It identifies five theories of particular importance to the strategy field, and outlines the contributions of particularly influential works in each area. The book helps find answers for five questions regarding key issues in strategy using economic theory: How can organizations operate efficiently? How can firms minimize costs? How can firms create and allocate wealth? How can firms align individual self-interest? How can resources be acquired, developed and deployed to improve the likelihood of survival and profitable growth?

Social Norms and the Theory of the Firm

Making It Big

Intermediaries and the Theory of the Firm

How the Interplay Between Trading and Voting Fosters Political Stability and Economic Efficiency

Economics of the Firm

Economic Foundations of Strategy