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Course Description

This is a graduate course on empirical industrial organization. The focus of the course will be on firms’ productivity. We will study a selection of (mostly) empirical research on firms’ productivity, its relationship with organizational structure, research and development, market conduct and power, and macroeconomic environment. Firms have different levels of productivity. Some essential questions are: What are the sources of persistence performance differences among firms within narrowly defined industries or ‘firm-fixed effect’? What are the roles of ‘learning’ and ‘selection’ in firm heterogeneity and what are its aggregate consequences?

Students will acquire the tools for research involving measurement of firms’ productivity and will be able to explore questions regarding both sources of firm productivity differences and aggregate implications of firm heterogeneity. These questions also relate to other fields in economics such as macroeconomics, international trade, and development economics. In this course, we will approach this topic from an industrial organization perspective by treating firms as part of the environment under which they operate with explicit considerations of market power, market frictions, and uncertainty.
Course Outline

♣ Production Function/Productivity Estimation

- Klette and Griliches (1996): Journal of Applied Econometrics Volume 11 Issue 4, Pages 343 - 361 The Inconsistency of Common Scale Estimators When Output Prices are Unobserved and Endogenous
- Ackelberg, Dan, Kevin Caves and Garth Frazer (2006): Structural Identification of Production Functions

♣ Market Demand


♣ Market Selection, Reallocation and Aggregate Productivity


♣ Dynamic Industry Equilibrium Models


• Dinlersöz, and Yörükoglu (2012): American Economic Review, 102(2) pp. 884-913 Information and Industry Dynamics

♣ Innovation, R&D, Technology Adoption and Firm Productivity

• Jaffe, Adam (1986): American Economic Review, Technological Opportunity and Spillovers of R&D: Evidence from Firms’ Patents, Profits, and Market Value
• Klette and Kortum (2004): The Journal of Political Economy, Innovating Firms and Aggregate Innovation
• Bloom, Schankerman, and Van Reenen (2013): Econometrica, Identifying Technology Spillovers and Product Market Rivalry

♣ Competition and Firm Productivity

Firms’ Internal Organization and Productivity


Firms’ Internal Organization, Productivity and Macroeconomics


TIME AND LOCATION
Thursday 12:00-14:00am, V8-119

OFFICE HOURS
Thursday 3:00-5:00 pm

EXAM
You are expected to participate in the class and attendance is strongly recommended. There
will be one written exam which will take place during the class time on July 16.

Referee Report Assignments
I will assign one paper to each participated student for preparation of a referee report. The referee report will be due on July 2.

Guidelines for a Referee Report
The purpose of a referee report is to recommend to an editor whether a paper is suitable for publication for a particular journal or not, potentially after revision. The job is to document reasons for accepting, rejecting, or requesting revisions. It should contain:

• A good summary of the paper
  – What is the question asked by the authors/
  – What is the modeling strategy?
  – What data are used?
  – How is the hypothesis formulated and tested?
  – What are the results?
  – How does it fit in the relevant literature?

• Development of 3 or 4 main points (positive or negative)
  – For a positive point: why the question is particularly important, or the approach particularly novel, or the techniques new, or the identification strategy innovative, the data very uncommon etc..
  – For a negative point: Lack of correspondence between the idea and the model, the model and the empirical technique, the empirical strategy/results and the conclusion; lack of significant contribution

• 4 or 5 small points that need clarification or addition
- Specific points that can be improved for sure

PRESENTATIONS

Each student will present the paper that is assigned for the referee report.

Content: Research paper that is assigned to you to present.

The length of the presentation: Prepare for approximately 20 minutes talk ~ about 10 slides

GRADING POLICY

The final grade will be given as follows:

$$FinalGrade = \text{Max}\{100\% \text{ Exam}, 60\% \text{ Exam} + 20\% \text{ RR} + 20\% \text{ Presentation}\}$$