

**Econ 409**  
**Assistant Prof. Alper Duman**

### **Study Questions 7**

#### **A. Definitions and Concepts:**

Please find out the definitions given in the textbook for the following terms and concepts.

1. *Control-based governance structures*
2. *Efficiency wage system*
3. *Incentive-based governance structures*
4. *Seniority based wage system*
5. *Co-determination (Mitbestimmung)*

#### **B. Essay Questions**

1. What are the three operating mechanisms of production governance structure? Briefly explain each.
2. What are the typical problems of coordination? When do they arise and how do firms cope with them?
3. Why can not firms enjoy economies of scale and scope indefinitely?
4. What are the differences between a self-managed firm and a capitalist firm with regards to delegation-administration relation?
5. Why should a person holding a Masters degree (MA) be paid more than a person with a Bachelors Degree (BA)?
6. What are the kinds of group incentives? Briefly explain each.
7. Why might the group incentives be more effective in reducing control costs?
8. What are the processes of ideology induction that sustains spontaneous socialisation within a company? Briefly explain each.