

EF4480: INDUSTRIAL ORGANIZATION

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

Industrial Organization

Subject Code

EF - Economics and Finance

Course Number

4480

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

Either of the following

EF3440 Microeconomics for Business Strategy

EF3442 Intermediate Microeconomics

(Students who plan to take this course are recommended to take EF3442 instead of EF3440)

Precursors

Nil

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

This course aims to introduce the basic tools of game theoretic analysis and microeconomic principles that are useful to study how firms compete with each other in markets and industries; and survey important topics in industrial organization, such as price discrimination, advertising strategy, research and development, collusion, and government regulation. The course also encourages discovery learning in that students use game theoretic analysis and microeconomic principles to analyze topics related to industrial organization in real-life contexts. The project presentation and examinations will reflect their accomplishment in discovery and innovation.

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Analyze basic concepts and important issues in industrial organization;		x	x	x
2	Apply basic game-theoretic analysis and microeconomic principles to analyze market structure, business practices and government regulation of firms and industries;		x	x	x
3	Identify market structure and business environment for a firm and formulate strategies to achieve best performance;		x	x	x
4	Analyze the consequences of various government policies that regulate firms and industries.		x	x	x

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Teaching and Learning Activities (TLAs)

TLAs	Brief Description	CILO No.	Hours/week (if applicable)	
1	Lectures	The lectures introduce fundamental concepts to students and encourage them to think critically and logically, with the goal to guide students to develop their ability to solve new problems by themselves.	1, 2, 3, 4	3 hours/week

2	Discussion of Case Studies	Case studies will be discussed in the lectures. Students will be encouraged to apply economic principles and basic theories to analyse specific industry problems and business practices.	2, 3, 4	weeks 10-13; incorporated in lectures
3	Group Projects	Students will be asked to form small groups of 3-5 people to prepare a 10-page report on a case study as well as a 15-minute presentation in class. The case study can focus on either an industry or a specific firm. Each presentation will be followed by a brief Q&A session led by the instructor.	1, 2, 3, 4	student work

Assessment Tasks / Activities (ATs)

ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	Group Projects	1, 2, 3, 4	30
2	Class Participation	1, 2, 3, 4	10
			including performance in classroom case discussion and experiments

Continuous Assessment (%)

40

Examination (%)

60

Examination Duration (Hours)

3

Assessment Rubrics (AR)**Assessment Task**

Final Examination

Criterion

Ability to apply the concepts, models, and techniques studied in class to analyze various economic and business problems.

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Assessment Task

Group Projects

Criterion

Ability to apply the concepts, models, and techniques studied in class to analyze various economic and business problems.

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Assessment Task

Class Participation

Criterion

Attitude and performance in classroom case discussion.

Excellent (A+, A, A-)

High

Good (B+, B, B-)

Significant

Fair (C+, C, C-)

Moderate

Marginal (D)

Basic

Failure (F)

Not even reaching marginal levels

Part III Other Information

Keyword Syllabus

Part I. Introduction and Theory

1. Overview
 2. The Firm and Costs
- #### Part II. Market Structures
3. Competition
 4. Monopolies, Monopsonies, and Dominant Firms
 5. Cartels
 6. Oligopoly
 7. Product Differentiation and Monopolistic Competition
 8. Industry Structure and Performance

Part III. Business Practices: Strategies and Conduct

9. Price Discrimination
10. Advanced Topics in Pricing
11. Strategic Behaviour
12. Vertical Integration and Vertical Restrictions

Part IV. Information, Advertising and Disclosure

13. Information
14. Advertising and Disclosure

Part V. Dynamic Models and Market Clearing

15. Decision Making Over Time: Durability
16. Patents and Technological Change
17. How Markets Clear: Theory and Facts

Part VI. Government Policies and Their Effects

18. International Trade
19. Antitrust Law and Policy
20. Regulation and Deregulation

Reading List

Compulsory Readings

Title	
1	Lynn Pepall, Dan Richards and George Norman, Industrial Organization: Contemporary Theory and Empirical Applications, Wiley-Blackwell, current edition.
2	Dennis W. Carlton and Jeffrey M. Perloff, Modern Industrial Organization, Prentice Hall, current edition.
3	Luis Cabral, Introduction to Industrial Organization, MIT Press, current edition.

Additional Readings

Title	
1	Useful links for I.O. students, teachers and researchers: http://luiscabral.org/iio/links
2	Modern Industrial Organization by Carlton and Perloff: http://wps.aw.com/aw_carltonper_modernio_4/21/5566/1424930.cw/index.html