Industrial Organisation

2014/2015

Code: 102334
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Administració i Direcció d'Empreses	OT	4	0
2501573 Economia	OT	4	0

Contact

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Use of languages

Principal working language: català (cat)

Some groups entirely in English: Yes

Some groups entirely in Catalan: Yes

Some groups entirely in Spanish: No

Prerequisites

Introduction to Economics
Microeconomics I
Mathematics I and II

Objectives and Contextualisation

Develop the theory to understand and analyze the behavior of firms and market outcomes, with special emphasis on industry
applications.

Skills

Administració i Direcció d'Empreses
- Apply mathematical instruments to synthesise complex economic-business situations.
- Capacity for adapting to changing environments.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Demonstrate initiative and work individually when the situation requires it
- Identify the forces that govern demand and supply.
- Identify the processes that govern the operation of markets in different competition systems, different scenarios of interrelationship and different timescales.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Show motivation for carrying out quality work and sensitivity to the consequences for the environment and society.
- Work well in a team, being able to argue proposals and validate or reject the arguments of others in a reasoned manner.

Economia
- Analyse situation in which there is unequal information between the two sides involved.

- Capacity for adapting to changing environments.
- Demonstrate initiative and work individually when the situation requires it.
- Formulate recommendations of economic policy that improve efficiency and equity in market operations.
- Identify the processes that govern the operation of markets in different competition systems, different scenarios of interrelationship and different timescales.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Take decisions in situations of uncertainty, demonstrating an entrepreneurial and innovative attitude.

Learning outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Analyse the determinants of demand.
3. Analyse the determinants of supply.
4. Analyse the operating conditions of markets and other forms of social interaction.
5. Associate the technological structure of companies with the cost structure and describe the translation process.
6. Capacity to adapt to changing environments.
7. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
8. Consider formal models which can be used to study situations with information asymmetry between the parts.
9. Consider the effect of the public sector on the activity of companies and consumers.
10. Demonstrate initiative and work independently when required.
11. Demonstrate motivation regarding the quality of the work performed and sensitivity regarding the consequences on the environment and society.
12. Differentiate between different market structures and analyse the effects on the sales and profits of companies, and on the wellbeing of consumers.
13. Differentiate the effects of equilibrium on perfect and imperfect competition.
14. Formulate and solve general equilibrium problems and recognise chains of interdependence.
15. Identify market errors and define the corrective mechanisms of public intervention.
16. Identify the basic elements that characterise the organisation of a market.
17. Identify the conditions and processes that generate externalities as well as the problems posed by public goods.
18. Identify the consequences of the existence of information asymmetry among different economic agents on the way in which these organise themselves and on the efficiency of the relationship they establish.
19. Make decisions in situations of uncertainty and show an enterprising and innovative spirit.
20. Organise work, in terms of good time management and organisation and planning.
21. Propose the optimum design of the institutions regulating the markets and of its equipment.
22. Recognise the role of uncertainty in the decision-making of consumers and companies.
23. Relate intertemporal aspects to the decision-making processes of economic agents.
24. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
25. Solve equilibrium problems and interpret their meaning.
26. Solve the models formulated to obtain empirically stable predictions.
27. Use basic optimisation tools and the game theory, and include these elements in a theoretical model.
28. Work as part of a team and be able to argue own proposals and validate or refuse the arguments of others in a reasonable manner.

Content

1. Industrial Organization. Features and Content.
1.1. Approaches
1.2. Measures of Concentration
2. Monopoly

2.1. Equilibrium
2.2. Price Discrimination
2.3. Multi-Product Monopolist
2.4. Vertical Integration
3. Oligopoly and Strategic Behavior
3.1. Competition in Quantities
3.2. Competition in Prices
3.3. Sequential competition
3.4. Entry
3.5. Tacit Collusion
4. Product Differentiation
4.1. Representative Consumer
4.2. Horizontal differentiation and the Circular City Model
4.3. Vertical Differentiation

Methodology

Lectures with computer support, together with sessions of practice problems

Activities

Title	Hours	ECTS	Learning outcomes
Type: Directed			
Lectures	45	1.8	3, 2, 4, 5, 6, 1, 7, 13, 12, 14, 16, 15, 17, 18, 8, 9, 21, 22, 23, 26, 25, 24, 28, 27
Type: Supervised			
Office hours	15	0.6	3, 2, 4, 5, 13, 12, 14, 16, 15, 17, 18, 8, 9, 21, 22, 23, 26, 25, 27
Type: Autonomous			
Study, problem sets and readings	83	3.32	3, 2, 4, 5, 10, 13, 12, 14, 16, 15, 17, 18, 11, 20, 8, 9, 21, 22, 23, 26, 25, 28, 27

Evaluation

The course evaluation will be done continuously with midterm exams, problem sets and a final examination. The weight of
each of the above in the calculation of the final grade will be as follows: 40% final exam, 30% midterm exams (2 exams), and
30% problem sets.
- Midterm Exams: The objective is to facilitate learning through the ongoing study of the topics seen in class. The maximum
duration of each exam is of 40 minutes.
- Final exam is inclusive of all the material seen: The examination will include all the material seen and require that the
students have a comprehensive understanding of the subject of study. Thus, this evaluation system aims to ensure success
in the learning process. The maximum duration of the exam is of 3 hours.
- Problem sets: The problem sets aim to help the students learn and master the material seen in class. The problem sets will
be evaluated in class.

If using the weights mentioned above, the student's final grade is of 5 or above, the student will have passed the course. If
the final grade is below 4, the student will have to retake the course in the following academic year. For those students with a
final grade equal to or greater than 4 and less than 5, there will be a re-evaluation. The type of reevaluation will be published
when the final grades are announced. This re-evaluation will be programmed in the schedule of examinations. Students who
pass the re-evaluation will earn a final grade of 5. Otherwise, the student will keep the original final grade.
No exams will be given outside of the dates established and announced. A student is considered to be "absent" if he/she has
not participated or submitted any of the exams or/and problem sets. Therefore, it is considered that a student who has
participated in at least one exam or problem set, he/she will not be eligible for an "absent".

Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
Final examination	40%	3	0.12	3, 2, 4, 5, 1, 10, 13, 12, 14, 16, 15, 17, 18, 11, 20, 8, 9, 19, 21, 22, 23, 26, 25, 24, 27
Midterm examinations	30%	2	0.08	3, 2, 4, 1, 13, 12, 14, 16, 15, 17, 18, 10, 20, 8, 9, 19, 21, 22, 23, 26, 25, 24, 27
Problem sets	30%	2	0.08	3, 2, 4, 5, 1, 7, 10, 13, 12, 14, 16, 15, 17, 18, 11, 20, 8, 9, 19, 21, 22, 23, 26, 25, 24, 27

Bibliography

Luis Cabral, Introduction to Industrial Organization;

Jean Tirole, The Theory of Industrial Organization