

Hong Kong Baptist University
School of Business

Programme:	Bachelor of Business Administration		
Department:	Economics		
Course Code:	ECON 3007	Level:	III
Course Title:	Industrial Organisation and Business Decision		
Prerequisites:	ECON 1005 Principles of Economics I or ECON 1007 Basic Economic Principles or CHSE 1005 Essentials of Economics		
Medium of Instruction:	English		
Duration:	40 hours	Units:	3 (3,3,0)
Course Description: (Aims & Objectives)	Our objective is to give students a working knowledge to analyse the economic decisions firms make in the real world. The discussion will focus on how firms set prices, maintain market dominance, and interact with other firms. Furthermore, we will explore how governments should formulate policies for strengthening market competition.		
Texts & References: (* recommended textbook(s))	<ol style="list-style-type: none"> 1. Belleflamee, P and Peitz, M. (2015). <i>Industrial organization: Markets and Strategies</i>, 2nd edition, Cambridge, UK: Cambridge University Press. 2. Cabral, L. M. B. (2017). <i>Introduction to Industrial Organization</i>, 2nd edition, MIT. * 3. Carlton, D. W. & Perloff, J. M. (2005). <i>Modern Industrial Organization</i>, 4th edition. Pearson Education. 4. Church, J. & Ware, R. (2000). <i>Industrial Organization: A Strategic Approach, International Edition</i>. Boston: McGraw-Hill. 5. Martin, S. M. (2010). <i>Industrial Organization in Context</i>. Oxford: Oxford University Press. 6. Shy, O. (1996). <i>Industrial Organization: Theory and Applications</i>, MIT 7. Williams, M 2005. <i>Competition Policy and Law in China, Hong Kong and Taiwan</i>. Cambridge, UK: Cambridge University Press. 9. Waldman, D. E. & Jensen, E. J. (2019). <i>Industrial Organization: Theory and Practice</i> (5rd ed.). Boston: Pearson Addison Wesley. 		
Learning Outcomes:	<p>Upon completion of this course, students should be able to:</p> <ol style="list-style-type: none"> 1. Identify important industrial organisation issues in Hong Kong. 2. Analyse the decision making process of a monopoly. 3. Investigate different pricing decisions and their welfare implications when firms have varying degrees of market power. 4. Explain how firms acquire market power. 5. Explain and interpret the formation of competition policy. 		

Teaching & Learning Activities:	Learning Outcome addressed:					Learning Outcome addressed:				
	1	2	3	4	5	1	2	3	4	5
	Lecture	✓	✓	✓	✓	Services Learning				
	Guest speakers					Internship				
	Case Study					Field study				
	Role playing					Company visits				
	Student presentation	✓	✓	✓	✓	e-learning				
	Project					Independent study				
	Simulation game					Others				
	Exercises and problems	✓	✓	✓	✓					
Major Assessment Methods: For each Major Assessment Method below, please indicate the specific pedagogical /assessment methods involved (by putting a ✓ in the relevant box(es) on the right-hand side).	Orals	Written	Self-reflection	Group	Peer	Simulation	Case study	Service	Field	Exam
Class Participation/ Discussion (10%)		✓								1-5
Assignment(s) (30%)				✓						1-5
Test(s) (25%)								✓		1-5
Examination (35%)								✓		1-5
Others (please specify) _____ (%)										
Course Web:	Course templates are available at BU eLearning (formerly called “BU Moodle”), programme website and Staff Area in School website (for staff only).									
Course Content:									Hours	Learning Outcome no.
	I. Introduction and Review A. The Firm B. Perfect Competition								4	1, 5
	II. Monopoly Behavior A. Characteristics of Monopoly B. Social Welfare C. Dominant Firm								6	2, 3, 4, 5
	III. Price Discrimination A. Various Forms of Price Discrimination B. Price Discrimination in Practice								3	2, 3, 4
	IV. Game Theory A. Dominant Strategies B. Nash Equilibrium C. Sequential Games D. Repeated Games								7	3

	V. Oligopoly A. Cournot Competition B. Bertrand Competition C. Collusion	6	3, 4
	VI. Monopolistic Competition A. Characteristic of Monopolistic Competition B. Market Power	3	3, 4
	VII. Product Differentiation A. Horizontal Differentiation B. Location Model C. Vertical Differentiation	3	3, 4
	VIII. Vertical Relation A. Vertical Integration B. Vertical Restraint	3	3, 4
	IX. Entry and Exit A. Definition of Barrier to Entry B. Entry Deterrence C. Cost Signaling D. Capacity Expansion	5	3, 4
	Total	40 hrs.	
Contribution to the Mission of the School:	<input type="checkbox"/> to cultivate academic curiosity, integrity and leadership potential <input type="checkbox"/> to enhance all-rounded training <input type="checkbox"/> to develop consciousness of values and social responsibility <input type="checkbox"/> to disseminate contemporary knowledge <input type="checkbox"/> to foster a global vision <input type="checkbox"/> to disseminate the research findings of faculty members in the School <input type="checkbox"/> to develop awareness in public policy		
Contribution to the Learning Goals of the Programme:	Learning Goals (LG) of BBA Programme: <input type="checkbox"/> LG1: Students will have the fundamental knowledge and skills required for managing a business. <input type="checkbox"/> LG2: Students will have an in-depth understanding of an area of specialization such as accounting, economics and data analytics, entrepreneurship and business innovation, finance, human resources management, information systems and business intelligence and marketing. <input type="checkbox"/> LG3: Students will have the oral and written communication skills and information technology skills necessary for working in a business environment. <input type="checkbox"/> LG4: Students will be analytical and critical thinkers able to solve real-world business problems. LG5: Students will have a solid understanding of <input type="checkbox"/> (a) how business is influenced by its environment, including economic, social-cultural, legal-political, technological, and other general conditions, as well as by an organization's stakeholders; <input type="checkbox"/> (b) the global nature of contemporary business; and <input type="checkbox"/> (c) the value of business ethics and good corporate governance. <input type="checkbox"/> LG6: Students will have a broad exposure to non-business disciplines.		
Course Co-ordinator:	Dr. Isaac Swift		