

## BS2243 – INDUSTRIAL ORGANISATION & STRATEGY

**Module Number:** BS2243

**Module Title:** Industrial Organisation and Strategy

**Number of Aston Credits:** 10

**Total Number of ECTS Credits:** 5  
(European Credit Transfer)

**Staff Member Responsible for the Module:**

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Economics and Strategy Group

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Availability: Walk in during designated weekly office hours - TBA, or by prior appointment

**Prerequisite(s) for the Module:** BS2242 Principles of Microeconomics

**Module Learning Outcomes:**

Upon successful completion of the module students will be able to:

- Have a clear understanding of how modern industrial organisation theory and strategy can be applied to business decision making.
- Apply the core principles of microeconomics to the subject matter that constitutes the areas of Industrial Organisation and Strategy.
- Utilize recent theoretical constructs (e.g. game theory) to explain the decision making and business strategies of managers of modern day business enterprises.
- Analyse the various market structures in which firms operate and how these structures influence their level of interaction.
- Have the ability to critically evaluate existing theories explaining firm conduct and market performance
- Use existing Industrial Organisation theories to evaluate inter alia the structure, conduct and performance of various industries in the current globalised business environment

## **BS2243 – INDUSTRIAL ORGANISATION & STRATEGY**

### **Module Content:**

The content covered over the first two weeks will provide the students with a broad perspective and understanding of the fundamental concerns of Industrial Organisation both from the traditional and modern standpoints. It will also enable them to distinguish between various markets structures within which firms operate.

**Week 1:** Perfect Competition and Monopoly

**Week 2:** Structure-Conduct-Performance

The material covered in Weeks' 3-8 will expose the students to theoretical developments in the discipline which they will then utilise to determine the pricing and output strategies of firms in oligopolistic market structures.

**Week 3:** Strategy and Game Theory

**Week 4:** Oligopoly I – Cournot Competition and Stackelberg Competition

**Week 5:** Oligopoly II – Bertrand Competition and Spatial Competition

**Week 6:** Collusion

**Week 7:** Limit pricing and other Entry Deterrence Strategies

**Week 8:** Strategic Pricing and Price Discrimination

The topics covered in Weeks 9 and 10 covers topics related to other strategies that firms use to retain competitive edge in the long run.

**Week 9:** Advertising and Product Differentiation

**Week 10:** Research and Development

In the last lecture in Week 11, we discuss the regulatory systems under which firms operate, and their impact on firm strategies.

**Week 11:** Regulation and Deregulation

### **Text book:**

Students are strongly advised to read the following text book and not rely only on Power Point presentations of lecture notes that will be provided through Blackboard:

## **BS2243 – INDUSTRIAL ORGANISATION & STRATEGY**

Carlton, D.W. and Perloff, J.M. (2004). *Modern Industrial Organisation*, 4<sup>th</sup> edition, Boston; London: Addison Wesley Longman

### **International Dimensions:**

The module will offer a comparison of US and European views of market structure, and also draw on examples from emerging market economies such as India.

### **Corporate Connections:**

The prescribed text book uses a wide range of corporate case studies. In addition, the coursework will require students to undertake studies of certain aspects of companies and/or industries.

### **Links to Research:**

The module content and lectures will draw significantly on the lecturer's research in the area of industrial economics and strategic interactions among economic agents.

### **Learning and Teaching Rationale and Methods::**

The module content is covered in a series of lectures. In addition, support for formative aspects of learning will be provided online through Blackboard. The lectures will be used not only to provide the basic theoretical foundation of the module, but also to integrate the theories with cases and examples, and provide templates for analyses that the students can build on in their own work. The Blackboard will be used to facilitate deep learning and develop understanding of the nature of assessments.

The module will include 24 hours of contact time, which will be used flexibly to include lectures and module revision.

#### **Breakdown of Module Learning Hours**

Contact Hours	24 hours
Private Study/Syndicated Group	74 hours
Assessment	2 hours
<b>Total</b>	<b>100 hours</b>

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### **Ethical Approval:**

This module does not require any primary research and no ethical approval will be necessary.

### **Assessment and Feedback Rationale and Methods:**

2 hour examination: 70% of final mark.

1 piece of coursework: 30% of final mark.

The coursework is designed to enable the students to use some of the theoretical concepts taught to analyse relevant aspects of companies and/or industries. These include, among other parameters of interest, the structure of the industries; the conduct of firms constituting the various industries; their performance in terms of consumer welfare and firm profitability; and the implications of these for government policy. The intention is for the students to appreciate the fact that seemingly abstract theoretical can in fact be used as a basis for evaluating several real world companies that part of the present international business environment.

The final examination provides both a test of knowledge of the relevant theories and the capacity to evaluate them critically. The final examination will also test the ability of students to undertake simple numerical analysis, and apply tools such as game theory to analyse problems.

After each lecture, review questions and problems will be uploaded to Blackboard, and they will be followed by outlines of answers and solutions. These review questions will be the basis for formative feedbacks and also preparation for assessments. A 2-hour review session will be held after the last lecture, ahead of the final examination. Students are also strongly encouraged to utilise the lecturer's office hours to obtain more detailed feedback and advice.