Libera Università Internazionale
degli Studi Sociali Guido Carli

LUISS

Syllabus

Academic Year	2023/2024
Program	Business Administration
course	Industrial Economics
Term	II semester
Year	2
SSD	SECS- P/06
Credits	6

INSTRUCTIONAL GOALS	This course aims to provide students with theoretical and applied knowledge on business and general management. The course examines the main strategic and operational activities of the firm. It aims to provide (a) a framework of the strategic business activities through the analysis of alternative strategic paths; (b) the analytical tools used to understand the characteristics and the evolution of industrial sectors; (c) basic knowledge of the financial statement and the accounting process.
INTENDED LEARNING OUTCOMES They describe what a learner is expected to know, understand and be able to demonstrate after completion of a learning path.	**Knowledge and understanding**: The student - by participating in the lectures and practical activities of the course - will have developed the ability to understand the fundamental principles of business and firm's competitive environment. **Applying knowledge and understanding**: The student - acquiring the correct tools and method - will be able to develop and apply analytical skills to operate within the business industry. **Making judgments**: The student, through the use of the methodologies acquired during the course, will have problem analysis skills and the ability to identify the information necessary for their solution. Specifically, critical thinking, problem-solving, self-management, teamwork, relationship, and communication skills will be adequately developed, which enhance and make the disciplinary skills more usable. **Communications Skills**: At the end of the course, the student will be able to use the business and technical vocabulary of the business management industry with terminological accuracy. Through the various activities that will take place during the course (traditional lectures integrated by innovative teaching approaches such as cases discussion, manager's seminar, and business game) the student will be able to put these communication skills into practice in various contexts, by adapting the terms used to the interlocutor in the specific case, thus gaining advanced rhetorical skills necessary for his/her professional career.

	Learning skills: The technical-economic knowledge acquired during the course will allow the student to autonomously understand how to design and implement business strategies and adapt them to the specific reference context and how to describe the responsibilities and significance of the main organizational function. The student will develop a solid knowledge of the fundamental aspects of the subject that will allow him to continue to deepen the topics addressed independently.
Pre-requisites	None
Course content	The course is designed to provide an overview of the main topics in industrial economics Theory of the firm • the transaction costs-property rights approach • The boundaries of the firm and definition of industrial sectors • Understanding external environment: micro and macro environment • empirical evidence. Separation of ownership and control: • separation of ownership and control • managerial incentives • the limits to managerial discretion • foundations of the profit-maximization hypothesis. Firm conduct and market structure and Dynamic price competition: • repeated interaction • collusion and cartel stability • theories of price wars • empirical analysis of market power and collusive behaviour Entry deterrence and entry accommodation: • first-mover advantages and the value of irreversible decisions • strategies to deter entry • strategic substitutability vs. complementarity • a taxonomy of business strategies • predation. Product differentiation and non-price competition: • horizontal product differentiation • brand proliferation and entry deterrence • vertical product differentiation • markets with asymmetric information. Price discrimination: • first-degree, second-degree, and third-degree price discrimination

- non-linear pricing
- tie-in sales.

Vertical restraints:

- efficiency explanations for vertical restraints
- vertical and horizontal externalities
- vertical restraints as instruments that restrict competition
- empirical evidence.

The determinants of market structure:

- theory of market structure in exogenous and endogenous sunk cost industries
- technology and market structure
- empirical evidence.

Competition and industrial policy:

- competition policy in the EU,
- current issues in competition policy
- industrial policy towards R&D.

Regulation:

- regulation of firms with market power under symmetric information
- regulation under asymmetric information
- liberalization and regulation
- empirical evidence.

Reference Books	Textbook: R Tirole, J. *The Theory of Industrial Organization.* (Cambridge, MA: MIT Press) The textbook will be supplemented by slides and other reading material uploaded on Luiss Learn at the beginning of the course.
Teaching Methods	Lectures, case studies, in-class exercises, managers' seminar
Assessment	6 tests during the course that will count for40% of the final grade In class exercises and discussion 30% of the final grade Final exam: 30% of the final grade.