

Óbudai Egyetem

Keleti Károly Gazdasági Kar

[GVMIO1KTNC] Industrial organization

Institute:	Vállalkozásmenedzsment Intézet (1084 Budapest, Tavaszmező u. 15-17.)			Credits:	2				
Training:	Daily		Language:	English		Semester:	2017/18/ 1		
Courses:	ERASMUS; BA BSc; Sales and marketing; BSc in Industrial Engineering BSc;								
Responsible professor for course	Dr. Kóczy Á. László		Professor(s)	Dr. Kóczy Á. László;					
Number of classes (week/semester)	Week	Lecture:	2	Schoolroom practice	0	Laboratory practice	0	Consultation:	0
Term-closing mode (requirements)	Exam								
Educational goal/Aim of the subject	The aim of this course is to learn to understand market competition, the development of markets and the decisions of the market players. We introduce and explain the elementary models of industrial organization, study the firms strategic interaction, such as price competition, product differentiation, price discrimination, advertising, research and development, market entry and exit.								
Mid-term requirements (tasks, projects, essays, exams, etc.)	Tests, Optional essay								

Educational week (consultation)	Topic		
1.	Ch 1-2 Introduction: What is industrial organization? A recap of basic microeconomics		
2.	Ch 3-4 The firm. A brief introduction to games and strategies.		
3.	Ch 5 Monopoly and regulation.		
4.	Test1, Ch 6 Perfect (or almost perfect) competition.		
5.	Ch 7 Oligopolistic competition		
6.	Ch 8 Collusion		
7.	Test2 Ch 9 Market structure and market power		
8.	Ch 10 Price discrimination		
9.	Ch 12 Product differentiation		
10.	Test3 Ch 13 Advertising		
11.	Ch 14 Entry costs, market structure and welfare		
12.	Ch 15-16 Strategic behaviour, entry and exit; Research and development		
13.	Test4 Ch 17 Networks and standards		
14.	Supplimentary test 1, Exam 0*		
Evaluation (points, grading)	<p>Students must obtain a signature and pass an exam.</p> <p>Obtaining the signature</p> <ol style="list-style-type: none"> 1. Be present The formal requirement is not to miss more than 30% (this means 4 here) of the classes 2. Be prepared We have 4 short 45 min tests during the course, on weeks 4, 7, 10 and 13. These tests check your understanding of the previous material. Each test is worth 25 points, you must obtain 50 in total to pass. See test/exam regulations below. 3. There are two options to make up for missing/insufficient test results on weeks 14 and 15. These will be full-fledged tests, lasting 80 mins. The result/4 replaces worse or missing short test results. See also test/exam regulations below. 4. OR Students participating in the TDK (student-scientist competition) competition with a paper on an IO topic get their signature. Note the (hard) deadline for TDK in late October. What is IO related? See the rules for the 		

essay below.

Exams

1. One must first obtain a signature in order to sit for an exam.
2. The exam consists of 3 extended questions with several sub-questions. A total of 100 points can be obtained.
 - a. Q1 consists of 5 short questions (7 pts each) on simple concepts, issues.
 - b. Q2 is a quantitative exercise (35 pts).
 - c. Q3 is an essay question (30 pts).
3. One exam question can be replaced by an essay on an IO topic. See essay rules below. Hint: it is a bad strategy not to solve all questions in the exam even if you have written an essay.
4. Bonus points can be obtained
 - a. by doing well in the during-term tests: $\text{bonus} = (\text{test score} - 50) / 5$. No bonus is obtained in weeks 14 and 15.
 - b. by doing IO related research work (TDK): bonus=15 for winning the session, 10 for passing to the next round, 5 for participation.
5. The evaluations, based on the results are as follows:
 - 0-49,9% fail (1)
 - 50%-61,9% pass (2)
 - 62%-73,9% average (3)
 - 74%-84,9% good (4)
 - 85%-100% excellent (5)

Exam/test rules

Exams are open book exams, so any material you brought with you can be used.

1. Allowed: Pens, calculators, rulers, books, dictionaries, notes (printed or hand written), telephones (in airplane mode), tablets (in airplane mode), laptops (with networks switched off).
2. Not allowed: communication in- or outside the room.

Essay rules

1. Topic: Must be pre-approved, otherwise you risk getting 0 points. Bring a title and 8-10 line abstract to the class or email me.
2. Authors: 1-2 students, who get the same evaluation.
3. Format (TDK has its own rules!): 8-10 pages using 11 pt font, normal margins, 1.5 spacing. Cover page must include title, author(s), NEPTUN code(s), date. NO table of contents, NO list of figures, etc. etc. Avoid footnotes. Inline citations in author-year format with the cited documents listed at the end. References should be formatted consistently, with author, title, date and other relevant info must correspond with the inline citations.
4. Hand in electronically (PDF only, avoid large files) AND on paper (no glossy cover, only plain sheets stapled) before the last meeting on week 14. TDK has very different deadlines!
5. NO plagiarism. Plagiarism is a crime. Essays/TDK papers will be checked with anti-plagiarism software, and if caught, you fail this course and risk being expelled.

**Term-closing
(written/oral
exam, etc):**

written exam. Exams with 5 or less students will be oral.

Obligatory reading(s)	Luís M. Cabral: Introduction to Industrial Organization, The MIT Press, Cambridge Mass., 2000.		
Other Guides	Stephen Martin: Industrial Organization: A European perspective, OUP, Oxford, 2001.		