



# ECON3009

## Firm Behaviour and Strategy

Session 1, In person-scheduled-weekday, North Ryde 2025

*Department of Economics*

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#### **Disclaimer**

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## General Information

Unit convenor and teaching staff

Rohan Best

[rohan.best@mq.edu.au](mailto:rohan.best@mq.edu.au)

Credit points

10

Prerequisites

ECON2003 or ECON203

Corequisites

Co-badged status

Unit description

This unit applies the tools of microeconomic theory to the study of firm behaviour in imperfectly competitive markets where strategic interactions affect the industry outcomes. It addresses key questions such as: how firms make important decisions regarding what to produce, how much to produce, and how to price output depending on the level of competition they face; how do they decide optimal levels of advertising or R&D; and how do firms behave in markets where network issues are important? Students learn how to see markets, firms and government as three different institutional structures that serve to accomplish economic objectives. Topics covered may include oligopoly market structures, anti-competitive actions such as predatory behaviour and collusion, and non-price models of competition related to advertising, R&D and network economics.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

**ULO1:** Effectively communicate theories and knowledge of industrial organisation and strategic interactions in technical and non-technical language.

**ULO2:** Analyse the relevance of industrial organisation and business strategies to everyday economic life.

**ULO3:** Evaluate real-world applications of economic theory relevant to efficiency and equity considerations, from a broad ethical perspective.

## General Assessment Information

### Class Test

Students who do not sit the class test will be awarded a mark of zero, except for cases in which an application for 'Special Consideration' has been made and approved. If an application for Special Consideration is approved, Policy allows for the provision of one supplementary assessment task. The format, time and date of this task will be determined by the Unit Convenor. Students should note that applications for 'Special Consideration' are reviewed by a School committee and suspected non-genuine cases will not be granted.

### Research Assignment

No extensions will be granted. There will be a deduction of 5% of the total available marks for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission incurs a 10% penalty). Late submissions will be accepted up to 7 days after the due date and time. This penalty does not apply for cases in which an application for Special Consideration is made and approved. When an application for special consideration has been approved, Policy allows for an extension of the submission deadline. Students should note that applications for 'Special Consideration' are reviewed by a School committee and suspected non-genuine cases will not be granted.

### Final Exam

If an application for Special Consideration is approved, Policy allows for the provision of one supplementary assessment task. The format, time and date of this task will be determined by the Unit Convenor. Students should note that applications for 'Special Consideration' are reviewed by a School committee and suspected non-genuine cases will not be granted.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#"><u>Class test</u></a>	25%	No	31/03/2025
<a href="#"><u>Research assignment</u></a>	25%	No	23/05/2025
<a href="#"><u>Final examination</u></a>	50%	No	Exam period

### Class test

Assessment Type <sup>1</sup>: Quiz/Test

Indicative Time on Task <sup>2</sup>: 10 hours

Due: **31/03/2025**

Weighting: **25%**

The class test(s) will include multiple choice questions and will be held during lecture time.

On successful completion you will be able to:

- Effectively communicate theories and knowledge of industrial organisation and strategic interactions in technical and non-technical language.
- Analyse the relevance of industrial organisation and business strategies to everyday economic life.

## Research assignment

Assessment Type <sup>1</sup>: Report

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **23/05/2025**

Weighting: **25%**

Detailed information about the Research Assignment will be provided on iLearn and during lectures.

On successful completion you will be able to:

- Analyse the relevance of industrial organisation and business strategies to everyday economic life.
- Evaluate real-world applications of economic theory relevant to efficiency and equity considerations, from a broad ethical perspective.

## Final examination

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 35 hours

Due: **Exam period**

Weighting: **50%**

A two-hour examination, consisting of multiple choice and short answer questions, will be held during the University Examination Period.

On successful completion you will be able to:

- Effectively communicate theories and knowledge of industrial organisation and strategic interactions in technical and non-technical language.
- Evaluate real-world applications of economic theory relevant to efficiency and equity considerations, from a broad ethical perspective.

<sup>1</sup> If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

<sup>2</sup> Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

## Delivery and Resources

### Weekly lectures and workshops

Each week there will be a live lecture (approx. 1.5 hours), as well as an accompanying workshop based on the main lecture (approx. 0.5 hours). The lecture is also live streamed and recorded. Both the live stream and recorded lecture can be accessed via ECHO on iLearn.

### Pre-recorded short videos

Pre-recorded short videos supplementing material covered in the main lecture are available on ECHO via iLearn. These short videos provide further detail about certain things covered in the main lecture. For example, outlining the steps behind a mathematical result. The short videos are tagged in the PDF lecture slides.

### Prescribed textbook

- Pepall, L., D Richards and G. Norman, 2014, *Industrial Organization: Contemporary Theory and Empirical Applications*, 5th Edition, Wiley.

The printed textbook and E-Text can be purchased from Wiley: [https://www.wiley.com/en-au/Industrial Organization: Contemporary Theory and Empirical Applications, 5th Edition-p-9781118545508](https://www.wiley.com/en-au/Industrial+Organization:+Contemporary+Theory+and+Empirical+Applications,+5th+Edition-p-9781118545508). The printed textbook can also be purchased via various online retailers (Zookal, Booktopia, Amazon etc.) You must have access to this resource prior to the start of the semester (and in my experience students without access to this content are far less likely to pass).

Other textbooks which may also be useful include:

- Cabral, L. 2017, *Introduction to Industrial Organization*, 2nd Edition, MIT Press Cambridge
- Church, J. and R. Ware, 2000, *Industrial Organization: A strategic approach*, McGraw-Hill, Boston.
- Shy, O., 1995, *Industrial Organization*, MIT Press, Cambridge, 1995.
- Waldman, D.E., and Jensen, E., 2013, *Industrial Organization Theory and Practice*, Fourth Edition

For a more advanced treatment of the material covered in this course you may want to consider the following textbooks:

- Belleflamme, P. and M. Peitz, 2010, Industrial Organization: Markets and Strategies, Cambridge University Press, New York.
- Tirole, J. 1988, The Theory of Industrial Organization, MIT Press, Cambridge

## Unit Schedule

Topic	Textbook Chapters
Introduction to IO; Microeconomics review	1, 2
Market structure and power; Technology and cost	3, 4
Price discrimination	5, 6
Product variety and quality	7
Bundling and tie-in sales	8
Cournot competition; Price competition	9, 10
Price competition (cont.); Dynamic games	10, 11
Entry deterrence and predation; Predatory conduct	12, 13
Price fixing, repeated games and antitrust	14
Advertising, market power and information; Research and development	19, 20
Research and development (cont.); Network issues	20, 22

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

Students seeking more policy resources can visit [Student Policies \(https://students.mq.edu.au/support/study/policies\)](https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [connect.mq.edu.au](https://connect.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

## Student Services and Support

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)
- [Student Advocacy](#) provides independent advice on MQ policies, procedures, and processes

## Student Enquiries

Got a question? Ask us via the [Service Connect Portal](#), or contact [Service Connect](#).

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

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Unit information based on version 2025.03 of the [Handbook](#)