



ECON3009

Firm Behaviour and Strategy

Session 2, In person-scheduled-weekday, North Ryde 2026

Department of Economics

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General Information

Unit convenor and teaching staff

Jordi McKenzie

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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

Late Submission Penalties

If you submit your assessment late, 5% of the total possible marks will be deducted for each day (including weekends), up to 7 days. Submissions more than 7 days late will receive a mark of 0.

Example 1 (out of 100):

If you score 85/100 but submit **20 hours late**, you will lose **5 marks** and receive **80/100**.

Example 2 (out of 30):

If you score 27/30 but submit **20 hours late**, you will lose **1.5 marks** and receive **25.5/30**.

Extensions

Automatic short extension: Some assessments are eligible for automatic short extension. You can only apply for an automatic short extension before the due date.

Special Consideration: If you need more time due to serious issues and for any assessments that are not eligible for Short Extension, you must apply for Special Consideration. Need help? Review the [Special Consideration page](#) for further details.

Skills development: Problem solving (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.

Formal examination (Final Exam)

If an application for Special Consideration is approved, a Supplementary exam may be granted during the Supplementary exam period. 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	Groupwork/Individual	Short Extension	AI Approach
Skills development: Problem solving	30%	No	02/09/2026	Individual	No	Observed
Formal examination	50%	No	Formal exam period	Individual	No	Observed

Name	Weighting	Hurdle	Due	Groupwork/Individual	Short Extension	AI Approach
Professional practice: Case analysis	20%	No	16/10/2026	Individual	Yes	Open AI

Skills development: Problem solving

Assessment Type ¹: Problem-based task

Indicative Time on Task ²: 10 hours

Due: **02/09/2026**

Weighting: **30%**

Groupwork/Individual: Individual

Short extension ³: No

AI Approach: Observed

The purpose of this assessment is for you to practice applying your analytical thinking and problem-solving skills to a set of problems. You will be given a problem set which may include both qualitative and quantitative short answer and multiple-choice questions.

Skills in focus:

- Critical thinking and problem solving
- Discipline knowledge
- Digital skills

Deliverable(s): Short answers to problem set

Individual assessment

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.

Formal examination

Assessment Type ¹: Examination

Indicative Time on Task ²: 35 hours

Due: **Formal exam period**

Weighting: **50%**

Groupwork/Individual: Individual

Short extension ³: No

AI Approach: Observed

The purpose of this assessment is for you to demonstrate the expertise you have gained in this

unit.

You will participate in a 2-hour, on campus, closed-book exam held during the University Examination period.

Important information about the exam will be made available on the unit iLearn page. You should also review the [MQ Exams website](#) for general tips.

Deliverable(s): Formal exam

Individual assessment

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.

Professional practice: Case analysis

Assessment Type ¹: Professional task

Indicative Time on Task ²: 20 hours

Due: **16/10/2026**

Weighting: **20%**

Groupwork/Individual: Individual

Short extension ³: Yes

AI Approach: Open AI

The purpose of this case study is for you to demonstrate the ability to apply knowledge acquired from the unit and to communicate the application of this knowledge succinctly to a professional audience through outlets such as “The Conversation”. You will need to consider how key principles in the unit can be applied specifically to a case study related to firm behaviour and strategy.

Skills in focus:

- Critical thinking and problem solving
- Communication skills
- Discipline knowledge
- Work readiness

Deliverable(s): Written submission [approx 800 words]

Individual assessment

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.

¹ 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
- [Academic Success](#) for academic skills support.

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

³ An automatic short extension is available for some assessments. Apply through the [Service Connect Portal](#).

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.

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

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 or if you are a Global MBA student contact 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/>

Academic Success

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

- [Ask a Study Coach](#)
- [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 <https://students.mq.edu.au/support/technology/service-desk>.

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.

Unit information based on version 2026.03 of the [Handbook](#)