

ECONOMICS OF THE FIRM

Code: 21730

Main Scientific Area: Economics

Lecturer: Vasco Leitão de Carvalho Gomes Leite

Language of Instruction: Portuguese

Regime: S1

Contact Hours: 25h Total Workload: 110h

ECTS: 5,0

Objectives

The main objective of the course is to provide students with a set of instruments that they can use in their professional activity, in particular in making business decisions. For this purpose, several topics centered on the study of real markets are selected. The adopted conceptual approach is essentially derived from the neoclassical economic paradigm, where the emphasis is placed on the formal modeling of the economic structure and the determination of the resulting economic incentives

Learning Outcomes

Students acquire knowledge in the following areas:

Distinguish perfect competition, monopoly and market power. Analyze concentration measures. Analyze pricing decisions: price discrimination and non-linear pricing. Understand barriers to entry and strategic behavior. Analyze merges and vertical constraints.

Course Contents

1. Introduction to Business Economics.
2. Perfect competition, monopoly and market power.
3. Market structure and concentration. Concentration measures.
4. Theory of the firm: the neoclassical view of the firm and alternative approaches.
5. Pricing decisions: price discrimination and non-linear pricing.
6. Classic oligopoly models. Product differentiation.
7. Entry, barriers to entry and strategic behavior.
8. Dynamic aspects of competition: the possibility of collusion.
9. Mergers.
10. Advertising.
11. Vertical Restraints.
12. The State and companies: competition policy and economic regulation.

Recommended Bibliography

Luís Cabral; Economia Industrial, McGraw-Hill, 1994. ISBN: 972-9241-57-0

Pedro Pita Barros; Exercícios de Economia Industrial, McGraw-Hill, 1998. ISBN: 972-8298-86-2

José Mata; Economia da Empresa (2ª Edição), Fundação Calouste Gulbenkian, 2002. ISBN: 972-31-0901-8

Lynne Pepall, Daniel Richards e George Norman; Industrial Organization - Contemporary Theory Practice (3ª Edição), South-Western Thomson Learning, 2005. ISBN: 0-324-26130-6

Learning and Teaching Methods

The first three chapters have as their main objective the study of market structures in a broader way, while the remaining ones aim to analyze the behavior of companies from a strategic point of view.

Assessment Methods

An academic work (50%) and an exam (50%).