

**COURSE DATA****DATA SUBJECT**

Code: 36159
Name: Applied industrial economics
Cycle: Undergraduate Studies
ECTS Credits: 6
Academic year: 2026-27

STUDY (S)

Degree	Center	Acad. year	Period
1316 - Degree in Economics	Facultat d'Economia	4	First quarter, Second quarter

SUBJECT-MATTER

Degree	Subject-matter	Character
1316 - Degree in Economics	Pathway: industrial and business economics	ELECTIVES

COORDINATION

CRESPO CEPAS JUAN SALVADOR

SUMMARY

The objective of this subject is the analysis of the internal organization of the firm and its behaviour in markets with imperfect competition. Similarly, the aim is to provide students with the necessary tools to understand and analyse the determinants of the competitive structure of industries. Using Applied Industrial Economics methods as a reference framework, a three-stage procedure will be followed: i) identification of the relevant problem, ii) search for the relevant theoretical model, and, iii) empirical application of the theoretical model.

This subject is a basic element for a better understanding of the activity of firms in most of the productive sectors. Additionally, the strong interrelation between the theoretical models explained and reality stimulate reflection on which are the determinants that in practice guide the behaviour of companies.

The program is organized into six themes. The first topic presents basic concepts of Industrial Economics



and Game Theory that will be used in later topics. The second topic focuses on the analysis of oligopoly models and strategic interactions between companies making intensive use of Game Theory tools. The third topic analyzes the trade-off between strategic commitment and flexibility. The fourth topic is dedicated to the study of the dynamics of price rivalry. In this topic, special attention is paid to both the existence of possible cooperation mechanisms and the possibility that companies compete in dimensions other than price, such as quality. Topic 5 analyzes the effects of companies entering and leaving an industry. Finally, topic 6 is dedicated to the analysis of the company's innovation strategies.

Each of the topics is organized as follows. First, the economic relevance of the problem under analysis is discussed and the most relevant theoretical models are briefly presented. Most of the time allotted to the topic is then devoted to analysing the empirical applications of these models and related case studies.

PREVIOUS KNOWLEDGE

RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

There are no specified enrollment restrictions with other subjects of the curriculum.

OTHER REQUIREMENTS

Basic knowledge of mathematics and microeconomics. English skills.

COMPETENCES / LEARNING OUTCOMES

1316 - Degree in Economics

Apply the principles of economic analysis (rational decision) to the diagnosis and resolution of problems.

Be able to collect and analyse information.

Be able to learn autonomously.

Be able to use ICTs.

Be able to work in a team (including interdisciplinary teams).

Have decision-making skills and be able to apply knowledge to practice.

Have oral and written communication skills in the native language.

Know and understand the basic quantitative tools for economic analysis, diagnosis and prospection, such as mathematics, statistics and econometrics.

Know and understand the company, its functional organisation, its objectives and techniques. Understand the processes for the creation and development of the company and of innovation.



Know how to analyse and design the strategic decisions of the company and their consequences.

Show critical thinking skills.

Understand and apply the scientific method, which involves formulating hypotheses, deducing verifiable results and contrasting them with empirical and experimental evidence.

DESCRIPTION OF CONTENTS

1. Economic Concepts for Strategy. The boundaries of the firm.

1.1. What is a firm?

1.3. The horizontal boundaries of the firm

1.4. The vertical boundaries of the firm

Basic readings:

- Dranove, D.S. Besanko, D., Shanley, M. & Schaefer, M. (2017): Economics of Strategy, 7th Edition, John Wiley and Sons. Chapter 2, 3 and 4.

Further readings:

- Baye, M and Prince, J. (2022). Managerial economics and business strategy. McGraw Hill. Chapter 5 and 6

- Cabral, L (2017): Introduction to Industrial Organization, 2nd Edition, M.I.T.Press. Chapters 3.

- Chruch, J, Ware, R (2000). Industrial Organization. An strategic approaches. McGraw Hill. Chapter 3.

2. Industry analysis, markets and competitive analysis

2.1. Competitors and relevant market

2.2. Market structure and competition

2.3. Industry analysis



Basic readings:

-Besanko, D., Dranove, D., Shanley, M. y Schaefer, S. (2017), *Economics of Strategy*, Seventh Edition, John Wiley and Sons, Chapter 5 & 8.

-Baye, M., Prince, J. (2022). *Managerial economics and business strategy*. 3rd ed. McGraw Hill, Chapters 1, 7, 8 & 9:

Further reading:

- Porter, M. (1980) *Competitive Strategy*. New York, The Free Press. Chapter 1.

- Cabral, L. (2017) *Introduction to Industrial Organization*, 2nd Edition, MIT Press, Chapters 2 and 3.

3. Strategic commitment and flexibility

3.1. Introduction

3.2. Strategic commitment

3.3. Strategic commitment and competition.

3.4. The value of flexibility

Basic readings:

- Dranove, D.S. Besanko, D., Shanley, M. & Schaefer, M. (2017): *Economics of Strategy*, 7th Edition, John Wiley and Sons. Chapter 7.

-Fudenberg, D., & Tirole, J. (1984). The fat-cat effect, the puppy-dog ploy, and the lean and hungry look. *The American Economic Review*, 74(2), 361-366

Further readings:

-Cabral, L. (2017) *Introduction to Industrial Organization*, 2nd Edition, MIT Press, Chapter 9

-Ghemawat, P. y Del Sol, P. (1999) ¿Compromiso o flexibilidad?, *Harvard Deusto Business Review*, 94, pp. 14-26



4. The dynamics of pricing rivalry

4.1. Price competition dynamics

4.2. Obstacles to price coordination

4.3. Facilitating practices for cooperative pricing

Basic readings:

- Dranove, D.S. Besanko, D., Shanley, M. & Schaefer, M. (2017): Economics of Strategy, 7th Edition, John Wiley and Sons. Chapter 7.

Further readings:

- Cabral, L. (2017): Introduction to Industrial Organization, 2nd Edition, MIT Press. Chapter 9.

5. Entry and exit decisions

5.1. Some definitions and facts

5.2. Entry and exit barriers: Types

5.3. Structural entry barriers

5.4. Strategic entry barriers

Basic readings:

- Dranove, D.S. Besanko, D., Shanley, M. & Schaefer, M. (2017): Economics of Strategy, 7th Edition, John Wiley and Sons. Chapter 6.

Further readings:

- Cabral, L. (2017) Introduction to Industrial Organization, 2nd Edition, MIT Press, Chapter 12



-Geroski, P., Jacquemin, A. (2001). Barriers to entry and strategic competition. Routledge

6. Competitive advantage creation and sustainability

6.1. Competitive advantage and value creation

6.2. Strategic positioning

6.3. How to sustain competitive advantage?

6.4. Innovation as a source of competitive advantage

Basic readings:

- Dranove, D.S. Besanko, D., Shanley, M. & Schaefer, M. (2017): Economics of Strategy, 7th Edition, JohnWiley and Sons. Chapter 9 and 11.

Further readings:

- Cabral, L. (2017): Introduction to Industrial Organization, 2nd Edition, MIT Press. Chapter 15

WORKLOAD

PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Classroom practices	30,00
Total hours	60,00

NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	0,00
Individual or group project	0,00
Independent study and work	60,00
Preparation of lessons	0,00
Preparation for assessment activities	15,00
Resolution of case studies	15,00
Total hours	90,00



TEACHING METHODOLOGY

1. Participative master lesson to present the essential theoretical contents in the Classroom. Practical classes, related to problem solving, case studies ..., with application of oral presentation techniques, debates, individually and / or in teams.
2. Supervised autonomous work based on reading and evaluating case studies, carrying out exercises and / or projects individually and / or in a team.
3. Independent study of the student and completion of written and / or oral tests.

EVALUATION

The written exam, whose questions will have a theoretical-practical nature, will compute 70% of the final grade. The continuous evaluation of the student, based on his / her participation and involvement in the teaching-learning process, will consist of the public presentation of a case study, participation in the discussion of case studies, and doing some periodic tasks on case studies presented. The continuous evaluation will be valued at 30% of the final grade. Continuous assessment activities are considered non-recoverable since are activities carried out and assessed in the classroom (presentations), or they only require students to upload them to the virtual classroom (answers to selected questions related to the case studies).

TO PASS THE SUBJECT, IT WILL BE NECESSARY TO OBTAIN A MINIMUM NOTE OF 5 IN THE EXAM.

REFERENCES

- Dranove, D.S. Besanko, D., Shanley, M. & Schaefer, M. (2017): Economics of Strategy, 7th Edition, John Wiley and Sons
- Fudenberg, D., & Tirole, J. (1984). The fat-cat effect, the puppy-dog ploy, and the lean and hungry look. *The American Economic Review*, 74(2), 361-366
- Church, J., Ware, R. (2000): *Industrial Organization. An Strategic Approach*, McGraw Hill.
- Porter, M. (1980): *Competitive Strategy*, Free Press
- Baye, M., Prince, J. (2022). *Managerial economics and business strategy*. 3rd ed. McGraw Hill
- Geroski, P., Jacquemin, A. (2001). *Barriers to entry and strategic competition*. Routledge



- Ghemawat, P. y Del Sol, P. (1999) ¿Compromiso o flexibilidad?, Harvard Deusto Business Review, 94, pp. 14-26
- Cabral, L. (2017): Introduction to Industrial Organization, 2nd Edition, MIT Press