

Study Abroad Programme

The module description below is from the 2019/20 academic year and is subject to change, and for the use of study abroad students only.

Module name	Economics for Business 2
Module code	BM2208
School	Cass Business School
Department or equivalent	Undergraduate Programme
UK credits	15
ECTS	7.5
Level	5

MODULE SUMMARY

Module outline and aims

This module will introduce you to the main frameworks and theories used by economists to study the behaviours of firms and the structure and dynamics of industries. In so doing it will provide you with some of the rigorous analytical tools that underlie strategic management. This module will also provide you with some understanding of the massive changes that have happened in the scientific and technological environment in which firms operate, the nature of firms, as well as the dynamics of capitalist economies since the 2nd industrial revolution.

Content outline

Major changes in the environment in which firms operate since the 2nd industrial revolution, including for instance, evolution of production systems (e.g., Taylorism, Toyotism), changes in capitalist economies (from industrial type of capitalism to financial type of capitalism), and changes in firms' structure (e.g., U-form, M-form, network form and OEM).

The neoclassical economic theory of the firm (the firm as a production function) and market structure (e.g., monopoly, oligopoly, perfect competition)

Managerial and behavioural theories of the firm

Study Abroad Programme

The module description below is from the 2019/20 academic year and is subject to change, and for the use of study abroad students only.

Agency theory and contractual views of the firm

Neo-institutional view of the firm and/or transaction cost economics

Implications for strategic managers (e.g., vertical scope of the firm, diversification, corporate governance, executive pay, the problem of corporate purpose and CSR issues...)

Industry concentration (e.g., determinants and measures of seller concentration, the structure-conduct-performance framework)

Oligopoly, collusive behaviours (cartel) and game theory in practice

Industry evolution (e.g., innovation, industry life cycle) and implications for firms (e.g., evolutionary economics and dynamic capabilities, challenge of capability development, exploration vs. exploitation...)

Industries with network externalities (e.g., standards)

WHAT WILL I BE EXPECTED TO ACHIEVE?

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

Knowledge and Understanding

- Demonstrate knowledge and understanding of various economic theories of the firm and the industry.
- Understand the changing nature of firms and industries, the different types of industry and, the impact of technological change on industries and firms.
- Understand key concepts from industrial economics, and demonstrate understanding of how these concepts can inform business and strategic decisions.
- Critically evaluate the contribution of economics to our understanding of the

Study Abroad Programme

The module description below is from the 2019/20 academic year and is subject to change, and for the use of study abroad students only.

purposes of firms; the way firms operate; as well as the impact of technologies on the evolution of industries and firms.

Skills

- Identify key changes in firms, market economies, and industry forces
- Apply rigorous economic frameworks to strategy and business decision-making
- Communicate and apply this knowledge and understanding in teamwork, problem solving procedures and strategy formulation across all types of professional working environments over time after graduation.

Values and Attitudes

- Recognise the importance of abstract models and conceptual thinking for understanding the dynamics of industries, the behaviour of firms and strategy.
- Recognise the value and limitations of economics for business
- Recognise ethical issues generated by market forces and government policy.

HOW WILL I LEARN?

A variety of learning and teaching methods will be used in this course.

Lectures are used to introduce context, theory concepts, and applications illustrated with current examples. You will also have the opportunity to participate in class discussions and work through examples and exercises with the support of the lecturer. It is strongly recommended that you attend ALL lectures.

Key learning and teaching resources will be posted on the module website on Moodle during the course.

In the independent study time you are encouraged to read widely and in depth around particular topics in preparation for lectures. You may also spend time working through sample

Study Abroad Programme

The module description below is from the 2019/20 academic year and is subject to change, and for the use of study abroad students only.

exercises and questions. In addition, you will be preparing and undertaking your coursework assignments and preparing for your final examination.

Teaching pattern:

Teaching component	Teaching type	Contact hours (scheduled)	Self-directed study hours (independent)	Placement hours	Total student learning hours
Lecture	Lecture	22	128		150
Totals		22	128		150

WHAT TYPES OF ASSESSMENT AND FEEDBACK CAN I EXPECT?

Assessments

This module is assessed by Coursework and Examination.

Coursework will consist of an essay on original topics of 3,000 words. This will be assessed against the specific learning outcomes outlined above.

At the end of the module you will sit one final 135-minute exam during the University exam period.

Assessment pattern:

Assessment component	Assessment type	Weighting	Minimum qualifying mark	Pass/Fail?
Coursework	Written assignment,	30%	0	N/A

Study Abroad Programme

The module description below is from the 2019/20 academic year and is subject to change, and for the use of study abroad students only.

	including essay.			
Final Exam	Written exam	70%	0	N/A

Assessment criteria

Assessment criteria are descriptions of the skills, knowledge or attributes you need to demonstrate in order to complete an assessment successfully and Grade-Related Criteria are descriptions of the skills, knowledge or attributes you need to demonstrate to achieve a certain grade or mark in an assessment. Assessment Criteria and Grade-Related Criteria for module assessments will be made available to you prior to an assessment taking place. More information will be available in the UG Assessment Handbook and from the module leader.

Feedback on assessment

Following an assessment, you will be given your marks and feedback in line with the University's Assessment Regulations and Policy. More information on the timing and type of feedback that will be provided for each assessment will be available from the module leader.

Assessment Regulations

The Pass mark for the module is 40%. Any minimum qualifying marks for specific assessments are listed in the table above. The weighting of the different components can also be found above. The Programme Specification contains information on what happens if you fail an assessment component or the module.

INDICATIVE READING LIST

NOTE: the following reading list is provided for guidance on the topics. Students are expected to have good knowledge of microeconomics, especially market structures and behaviour of firms in perfect competition, monopoly, and imperfect competition.

TEXTBOOKS

Douma, S. & H. Schreuder, (2013). *Economic Approaches to Organizations*. 5th edition. Harlow: Pearson

Lipczynski, J., J. Wilson and J. Goddard (2013). *Industrial Organizations. Competition, Strategy and Policy*. 4th edition, Harlow: Pearson

ARTICLES

Coase, R. (1937). The nature of the firm. *Economica*, 14(16): 386-405.

Davis, G. F. (2009). The rise and fall of finance and the end of the society of organizations. *Academy of Management Perspectives*, 23(3): 27-44.

Jensen, M. C. (2001). Value maximisation, stakeholder theory, and the corporate objective function. *European Financial Management*, 7(3), pp. 297-317

Penrose, E. (1955). Limits to the growth and size of firms. *American Economic Review*, 45(2), pp. 531-543

Porter, M. E. (1981). The contributions of industrial organization to strategic management. *Academy Management Journal*, 6(4): 609-620

Liebowitz, S. J., & Margolis, S. E. (1990). The fable of the keys. *Journal of Law & Economics*, 33(1): 1-25.

Shapiro, C., & Varian, H. R. (1999). The art of standards wars. *California Management Review*, 41(2): 8-32.

Stout, L., A. (2012). The problem of corporate purpose. *Issues in Governance Studies*, 48(June): 1-14.

Version: 2.0

Version date: February 2019

For use from: 2019-20