



**Level 6 Advanced Diploma in Human Resource Management (631) 145 Credits**






<b>Unit:</b> Industrial Organisation	<b>Guided Learning Hours:</b> 260
<b>Exam Paper No.:</b> 3	<b>Number of Credits:</b> 26
<b>Prerequisites:</b> Knowledge of human resource activities.	<b>Corequisites:</b> A pass or higher in Diploma in Human Resource Management or equivalence.
<p><b>Aim:</b> Industrial Organisation (IO) is the study of imperfect competition. This unit provides an overview of IO theory and empirical work with a focus on some active research fields. The goal of the unit is to develop learner fluency in the language of IO and become familiar with a set of useful tools. The unit provides learners with a framework of economic analysis to understand strategic interactions between firms. It goes beyond classical economic theory and introduces the latest analytical microeconomic models to discuss the relationship between industry structure, conduct and performance. The unit focuses mainly upon the theory of the firm and the industry, with an emphasis upon oligopoly theory; but it also addresses empirical applications of the theory. While emphasis is on oligopolies, there will be occasional consideration of competitive and monopolistic markets. The latter market structures may be useful as benchmarks against which to compare the predicted outcome of oligopoly markets, and in some cases may be of interest in their own right when considering some of the topics of this course. Main focus upon market structure, firm conduct, and economic performance of industries. Of special interest is firms' strategic behaviour in price and non-price competition. The types of behaviour, or conduct, include oligopoly pricing and production, strategic entry deterrence, location strategies, product differentiation, advertising, and research and development. The effects of firms' conduct upon economic welfare and feedback effects upon market structure are also examined.</p>	
<b>Required Materials:</b> Recommended Learning Resources.	<b>Supplementary Materials:</b> Lecture notes and tutor extra reading recommendations.
<b>Special Requirements:</b> The unit requires a combination of lectures, demonstrations and discussions.	
<p><b>Intended Learning Outcomes:</b></p> <p>1 The framework for assessing needs and efficiency of economic policy settings organisations; examining the basics of economic efficiency theory.</p> <p>2 Understand how through organisational strategic alignment, a company can ensure there is consistency between the tasks that need completion and the business completing them.</p> <p>3 The real system showing the main features to be included in the virtual system including boundaries and relevant vertical structure.</p> <p>4 Understand why vertical integration differs across industries, across firms within the same industry, and across different transactions within the same firm.</p>	<p><b>Assessment Criteria:</b></p> <p>1.1 Describe economic organisations and efficiency</p> <p>1.2 Describe how a firm creates value</p> <p>1.3 Define what determines the strategic environment within a firm</p> <p>1.4 Define an organisational structure framework</p> <p>1.5 Analyse level of transaction costs and their institutional, behavioural, dimensional, technological and natural factors</p> <p>2.1 Explain organisational strategic approaches.</p> <p>2.2 Illustrate how firms exist</p> <p>2.3 Define how transaction costs arise</p> <p>2.4 Define dynamic development</p> <p>2.5 Describe governance approach and contractual relationships</p> <p>3.1 Illustrate vertical and virtual boundaries.</p> <p>3.2 Describe vertical integration</p> <p>3.3 Define asset specificity</p> <p>3.4 Analyse situations which would not encourage vertical integration</p> <p>3.5 Describe the impacts of e-Commerce</p> <p>4.1 Explain horizontal boundaries and diversification.</p> <p>4.2 Define economies of scale</p> <p>4.3 Explain cumulative production</p> <p>4.4 Describe an economy of scope</p> <p>4.5 Explain the advantages and disadvantages of</p>

		diversification
	4.6	Examine and assess the merits of vertical integration as a function of the industry, firm, and transactions characteristics.
	4.7	Examine the numerous rationales for diversification
5	Understand why stable careers, such as the civil service and the banking sector are no longer jobs for life.	5.1 Define Entrepreneurship
	5.2	Analyse the relationship between growth and entrepreneurship
	5.3	Compare and contrast diversification and growth
	5.4	Define entrepreneurship
	5.5	Explain the differences between ventures and firms
	5.6	Outline the main factors related to the growth of Entrepreneurship
	5.7	Outline why highly skilled professionals are being pushed out of their corporate roles and are forced to look at alternative employment opportunities to protect the future for themselves and their families
6	Typical corporate organizational structure including the various echelons of authority below executive and the varying responsibilities.	6.1 Outline corporate control and organisational design
	6.2	Describe advantages and disadvantages of centralisation
	6.3	Explain the characteristics of behavioural theories
	6.4	Describe advantages of stakeholder approach
	6.5	Evaluate and illustrate Leibenstein's concept of X-inefficiency
7	Common types of payment systems and wage incentives and the extent of their use in industry and to determine the effect of wage incentives on productivity.	7.1 Explain the importance of wages, incentives and human resources.
	7.2	Describe the neo-classical model of the demand for labour
	7.3	Analyse justification for paying efficiency wages
	7.4	Explain bilateral monopoly
	7.5	Define economic rent
8	Market structures and the strategic environments; imperfect competition and government intervention.	8.1 Describe a business strategy
	8.2	Define the structure conduct performance paradigm
	8.3	Define, describe and illustrate cross price elasticity
	8.4	Describe barriers to entry and exit influence market structure
	8.5	Describe the Porters Five Forces model
	8.6	Define pure monopoly
	8.7	Explain the Lerner index
	8.8	Define characteristics of an oligopolistic industry
9	How dominant firms maintain their positions and analyse the economic welfare implications of dominant firms.	9.1 Describe the advantages and disadvantages of dominant firms
	9.2	Define characteristics of a dominant firm
	9.3	Describe the stackelberg model
	9.4	Describe predatory pricing stage processes
10	The rationale for price discrimination and discuss the major forms of price discrimination.	10.1 Define price discrimination
	10.2	Explain the economic rationale for price

	<p>discrimination</p> <p>10.3 Define first, second and third degree price discrimination</p> <p>10.4 Describe bundling</p> <p>10.5 Outline the welfare effects and antitrust implications of price discrimination</p> <p>10.6 Outline the basic theory of price discrimination and the conditions necessary for price discrimination to exist</p> <p>10.7 Discuss direct price discrimination</p> <p>10.8 Describe indirect price discrimination</p> <p>10.9 Outline the welfare effects associated with price discrimination</p> <p>10.10 Explain the antitrust implications of price discrimination.</p>
11 Understand how the potential franchisees opportunism affects the structure of contracts, the intensity of vertical restraints.	<p>11.1 Describe reputation and vertical restraints</p> <p>11.2 Demonstrate the clauses of a franchise contract</p> <p>11.3 Describe the importance of reputation</p> <p>11.4 Define vertical restraint</p> <p>11.5 Describe franchise relationship to design of contracts between a producer, distributors and agency costs</p>
12 Product differentiation and advertising; describe competitive advantage, invention and innovation.	<p>12.1 Describe chamberlain's model of monopolistic competition</p> <p>12.2 Describe Lancaster's attributes model</p> <p>12.3 Describe the consumption of a veblen good</p> <p>12.4 Define invention, innovation and diffusion</p> <p>12.5 Describe the purpose of a patent</p>
<p><b>Methods of Evaluation:</b> A 3-hour written examination paper with five essay questions, each carrying 20 marks. Candidates are required to answer all questions. Candidates also undertake project/coursework in Industrial Organisation with a weighting of 100%.</p>	

### Recommended Learning Resources: Industrial Organisation

<b>Text Books</b>	<ul style="list-style-type: none"> <li>Industrial Organisation: Competition, Strategy, Policy, 2nd Edition by John Lipczynski, John Wilson and John Goddard. ISBN-10: 0273688022</li> <li>Introduction to Industrial Organisation by Luis M. B. Cabral. ISBN-10: 0262032864</li> <li>Understanding Industrial Organisations: Theoretical Perspectives in Industrial Sociology by Prof Rich Brown. ISBN-10: 0415017823</li> </ul>
<b>Study Manuals</b> 	BCE produced study packs
<b>CD ROM</b> 	Power-point slides
<b>Software</b> 	None