

# COURSE SYLLABUS

## EU Market and Business Policies

**Course code:** ECO 320

**Semester and year:** Spring 2024

**Day and time:** Wednesday 11:30-14:15

**Instructor:** Prof. Alena Zemplinerová

**Instructor contact:** Alena.zemplinerova@aauni.edu

**Consultation hours:** prior the class 17:30-18:30

<b>Credits US/ECTS</b>	3/6	<b>Level</b>	Intermediate
<b>Length</b>	14 weeks	<b>Pre-requisite</b>	
<b>Contact hours</b>	42 hours	<b>Course type</b>	Bachelor Elective

### 1. Course Description

The course explains how firms compete through their strategies and how businesses acquire and maintain market power. In addition, the course provides introduction into the tools of the business environment and market structure analysis. The course aims at presenting the European Union (EU) market related policies, their rationale and impact on business policies. The course familiarizes students with the main institutions of the EU related to the enforcement of EU market policies focusing on the EU competition policy and financial markets regulation.

### 2. Student Learning Outcomes

Upon completion of the course the student will be able to:

- To delineate the markets in which businesses operate in their horizontal and vertical dimensions
- Understand more in detail selected firm's strategies – both price as well as non - pricing business policies
- Developing familiarity with the most important EU market related policies
- Analyze cases where these particular policies are relevant
- Present the results of one's own analysis and defend the position using the standard terminology

### 3. Reading Material

The course relies on the required textbook (selected chapters) and articles listed below. Occasional additional readings may be recommended preceding their discussion. Students are encouraged to scan the *Financial Times* or *The Economist* magazine for articles relevant to the topics covered in the course.

### **Required Materials (Available as a scan inserted in NEO or to Download)**

Textbook:

Baldwin, R. and Wyplosz, C. (2020 or 2022). *The Economics of European Integration*. 6<sup>th</sup> (7th) edition, McGraw-Hill Education (Selected chapters)

### **Recommended Materials**

Bruijl, Gerard H. Th., The Relevance of Porter's Five Forces in Today's Innovative and Changing Business Environment (June 7, 2018). Available at SSRN:

<https://ssrn.com/abstract=3192207> or <http://dx.doi.org/10.2139/ssrn.3192207>

Zemplinerova, A., 2021, *The COVID-19 Crisis: Business Opportunities and Risks*, in ed. L. Tungul, *Emerging Paradigms in the Shifting Foreign and Domestic Environments*, Jutty Prerov, pp 68-76

[https://www.martenscentre.eu/wp-content/uploads/2021/11/Yearbook-2022\\_Publication-EN.pdf](https://www.martenscentre.eu/wp-content/uploads/2021/11/Yearbook-2022_Publication-EN.pdf)

Occasional additional readings may be recommended preceding their discussion. Students are encouraged to scan the *Financial Times* or *The Economist* magazine for articles relevant to the topics covered in the course.

### **4. Teaching methodology**

Models and empirical studies are considered in simplified versions but retaining the basic economic intuition. Logical arguments are used to explain main ideas of modern industrial organization. The core of the course will be not only lectures related to the theoretical background but also selected real life examples, antitrust cases and the EU market regulations. Stimulation of students' critical observation and thinking is based on research of real cases accenting the economic analysis. Communication skills will be trained via student's presentations and discussions.

### **5. Course Schedule**

<b>Date</b>	<b>Class Agenda</b>
<b>Class 1</b> Feb. 02	Topic: <b>Introduction</b> Description: Overview of the course, key concepts, issues addressed by the course, business versus governmental and the European Union (EU) policies, market structures and market power of the company, EU Market history and development
<b>Class 2</b> Feb. 07	Topic: <b>European Union (EU) and EU Market in the Global Environment</b> Description: Economic integration, regional integrations and markets: reasons, effects and stages, European Economic Area (EEA), European Free Trade Area (EFTA), EU market enlargements, Brexit, EU market in the global economy, major economic indicators. Eurostat Reading: Baldwin and Wyplosz, Ch. 1, pp.4-37 Assignment #1 <i>Business environment: Comparative analysis</i> Assignment #1 due: Class 3
<b>Class 3</b> Feb. 14	Topic: <b>EU Institutions, Market Regulation and Legislative Process, role of Lobbying in the EU decision making</b> Description: primary and secondary EU laws: Treaties, EU regulations and Directives. Major EU institutions, legislative process, lobbying. EU competences. reasons for economic regulation, network industries, externalities, market failure. Reading: Baldwin-Wyplosz, Ch. 2 and ch.3, pp.39-92 Presentation of Assign. 1

<p><b>Class 4</b> Feb. 21</p>	<p>Topic: <b>EU Firms and EU Single Market, Barriers to Enter the EU Market</b>  Description: Market size and market liberalization, EU market by member states, profit maximization, scale effects: economies and diseconomies of scale, small and large firms, barriers to trade. barriers to enter the (EU) market, competitive market forces and industry analysis. Product market, geographical dimension of the market. Economic diversity of markets of the EU member states,  Reading: Baldwin and Wyplosz, Ch. 6, pp 143-153  Assignment #2 <i>Industry Analysis: Five competitive forces</i>  Assignment #2 due: Class 5</p>
<p><b>Class 5</b> Feb. 28</p>	<p>Topic: <b>Competition in the EU Market</b>  Description: Pricing policies of businesses, market segmentation, bundling, price fixing, collusion, factors facilitating collusion, public policy, EU Legislation, antitrust and competition policy related to cartels and monopoly, monopoly vs. competition, oligopoly market structure, entry costs, contestable markets, cases  Reading: Baldwin-Wyplosz, Ch. 11, 256-273  Presentation of Assign. 2</p>
<p><b>Class 6</b> March 06</p>	<p>Topic: <b>EU Trade Policy, Multinational Companies and Foreign Direct Investment</b>  Pattern of trade and tariffs, non-tariff barriers to trade, EU institutions for trade policy, differences among the EU member states, anti-dumping and anti-subsidy measures, existing arrangements, EU single market and four freedoms of movement in the EU market, free movement of capital in the EU single market and foreign direct investment (FDI)  Reading: Baldwin-Wyplosz, Ch. 12, pp.275-285</p>
<p><b>Class 7</b> March 13</p>	<p>Topic: <b>Mergers and Acquisitions (M&amp;A) in the EU Market</b>  Description: Horizontal and vertical mergers, reasons for M&amp;A, EU policy related to M&amp;A, market concentration, market definition, measurement of market power, EU merger cases</p>
<p><b>Class 8</b> March 20</p>	<p><b>Midterm Exam</b></p>
<p>March 27</p>	<p>Midterm Break</p>
<p><b>Class 9</b> April 03</p>	<p>Topic: <b>Business Pricing Policies and the EU Antitrust Policy</b>  Description: Pricing policies of businesses, price discrimination, market segmentation, bundling, price fixing, collusion, factors facilitating collusion, public policy, EU Legislation, and competition policy related to cartels and monopoly, cases  Assignment #3 <i>Antitrust case or Merger Approval in the EU market: approval process</i>  Assignment # 3 due Class 10</p>

<b>Class 10</b> April 10	<b>Topic: Non-Price Business Policies: Product Differentiation, Advertisement and Innovation</b> Description: branding, types of advertisement, information, consumer behavior and firm strategy, search costs and switching cost, EU and consumer protection, business innovation policies, patents Presentation Assign. 3
<b>Class 11</b> April 17	<b>Topic: European Monetary Union</b> Description: European Monetary Union, entry conditions, monetary policy and Eurozone, fiscal policies and Stability Pact, EU Budget and the EU member state budgets Reading: Baldwin and Wyplosz, Ch. 15 and Ch. 16, 347-373 Assignment #4: <i>Pros and Cons of Adoption of Euro. SWOT analysis</i> Assignment # 4 due: Class 12
<b>Class 12</b> April 24	<b>Topic: EU Budget and EU policies, Financial Crisis, Covid crisis,</b> Common Agricultural Policy (CAP), Regional Policy, Financial Frameworks, EU Green Deal, Public debts of member states Reading: Baldwin and Wyplosz, Ch. 17 pp.413-439 Reading: Zemplerova (2021) Presentation Assign. 4
<b>Class 13</b> May 15	<b>Topic: EU Financial Markets and the Euro,</b> Description: Effects of a monetary union, Financial Crisis, Eurozone in crisis bailing out the banks during the financial crisis, regulation of banking sector in the EU. The future of the European monetary integration. Reading: Baldwin and Wyplosz, Ch. 18 pp 443-472
<b>Class 14</b> May 22	<b>Final exam</b>

## 6. Course Requirements and Assessment (with estimated workloads)

Assignment	Workload (average)	Weight in Final Grade	Evaluated Course Specific Learning Outcomes	Evaluated Institutional Learning Outcomes*
Attendance and Class Participation	42	0%		
Assignments, discussion participation, presentation	35	30%	Ability to carry out research based on relevant sources. Ability to explain the topic while using economic arguments. Capacity to present, participate in discussions and defend own opinion.	1,2

Mid Term Exam (closed book)	25	30%	Ability to answer questions based on lectures and the assigned readings related to topics 1-6	1,2
Final Exam (closed book)	48	40%	Ability to use economic arguments and tools covered by the course, explain the studied topic, identify key issues, combine existing findings and defend one's own opinion. Ability to answer questions based on lectures and the assigned readings related to topics 1-13	1,2
<b>TOTAL</b>	<b>150</b>	<b>100%</b>		

\*1 = Critical Thinking; 2 = Effective Communication; 3 = Effective and Responsible Action

## **7. Detailed description of the assignments**

### ***Written assignments***

Each student must participate in 4 assignments (individual or teamwork). These will be research, analysis, oral presentations and discussions in the class, mainly case studies and statistical data analysis related to the EU market, competition policy and business strategies. Detailed description and guidelines for each assignment will be provided during the class and inserted into NEO. Assignments require not only research related to the topic and economic arguments but also proper referencing. Assignments should be handed in via NEO due time, presented on an agreed date and will be counted for the grade. In case a student will not meet this requirement, he or she will lose points.

### ***Midterm exam***

Midterm exam includes questions, and multiple choices that cover the topics 1-6. It is a close book exam.

### ***Final exam***

Final exam includes questions, multiple choices and essay question/s that cover the topics 1-13. It is a close book exam. Detailed guidelines and study guides will be inserted into NEO.

## **8. General Requirements and School Policies**

### ***General requirements***

All coursework is governed by AAU's academic rules. Students are expected to be familiar with the academic rules in the Academic Codex and Student Handbook and to maintain the highest standards of honesty and academic integrity in their work.

### ***Electronic communication and submission***

The university and instructors shall only use students' university email address for communication, with additional communication via NEO LMS or Microsoft Teams. Students sending e-mail to an instructor shall clearly state the course code and the topic in the subject heading, for example, "COM101-1 Mid-term Exam. Question".

All electronic submissions are through NEO LMS. No substantial pieces of writing (especially take-home exams and essays) can be submitted outside of NEO LMS.

### ***Attendance***

Attendance, i.e., presence in class in real-time, at AAU courses is default mandatory; however, it is not graded as such. (Grades may be impacted by missed assignments or lack of participation.) Still, students must attend at least two thirds of classes to complete the course. If they do not meet this condition and most of their absences are excused, they will be administratively withdrawn from the course. If they do not meet this condition and most of their absences are not excused, they will receive a grade of "FW" (Failure to Withdraw). Students may also be marked absent if they miss a significant part of a class (for example by arriving late or leaving early).

### ***Absence excuse and make-up options***

Should a student be absent from classes for relevant reasons (illness, serious family matters), and the student wishes to request that the absence be excused, the student should submit an Absence Excuse Request Form supplemented with documents providing reasons for the absence to the Dean of Students within one week of the absence. Each student may excuse up to two sick days per term without any supporting documentation; however, an Absence Excuse Request Form must still be submitted for these instances. If possible, it is recommended the instructor be informed of the absence in advance. Should a student be absent during the add/drop period due to a change in registration this will be an excused absence if s/he submits an Absence Excuse Request Form along with the finalized add/drop form.

Students whose absence has been excused by the Dean of Students are entitled to make up assignments and exams provided their nature allows. Assignments missed due to unexcused absences which cannot be made up, may result in a decreased or failing grade as specified in the syllabus.

Students are responsible for contacting their instructor within one week of the date the absence was excused to arrange for make-up options.

**Late work: No late submissions will be accepted – please follow the deadlines.**

### ***Electronic devices***

Electronic devices (e.g. phones, tablets, laptops) may be used only for class-related activities (taking notes, looking up related information, etc.). Any other use will result in the student being marked absent and/or being expelled from the class. No electronic devices may be used during tests or exams unless required by the exam format and the instructor.

***Eating*** is not allowed during classes.

### ***Cheating and disruptive behavior***

If a student engages in disruptive conduct unsuitable for a classroom environment, the instructor may require the student to withdraw from the room for the duration of the class and shall report the behavior to the student's Dean.

Students engaging in behavior which is suggestive of cheating will, at a minimum, be warned. In the case of continued misconduct, the student will fail the exam or assignment and be expelled from the exam or class.

### ***Plagiarism***

Plagiarism obscures the authorship of a work or the degree of its originality. Students are expected to create and submit works of which they are the author. Plagiarism can apply to all works of authorship – verbal, audiovisual, visual, computer programs, etc. Examples are:

- **Verbatim plagiarism:** verbatim use of another's work or part of it without proper acknowledgement of the source and designation as a verbatim quotation,
- **Paraphrasing plagiarism:** paraphrasing someone else's work or part of it without proper acknowledgement of the source,
- **Data plagiarism:** use of other people's data without proper acknowledgement of the source,
- **False quotation:** publishing a text that is not a verbatim quotation as a verbatim quotation,
- **Fictitious citation:** quoting, paraphrasing, or referring to an incorrect or a non-existent work,
- **Inaccurate citation:** citing sources in such a way that they cannot be found and verified,
- **Ghostwriting:** commissioning work from others and passing it off as one's own,
- **Patchwriting:** using someone else's work or works (albeit with proper acknowledgement of sources and proper attribution) to such an extent that the output contains almost no original contribution,
- **Self-plagiarism:** unacknowledged reuse of one's own work (or part of it) that has been produced or submitted as part of another course of study or that has been published in the past,
- **Collaborative plagiarism:** delivering the result of collective collaboration as one's own individual output.

At minimum, plagiarism will result in a failing grade for the assignment and shall be reported to the student's Dean. A mitigating circumstance may be the case of novice students, and the benefit of the doubt may be given if it is reasonable to assume that the small-scale plagiarism was the result of ignorance rather than intent. An aggravating circumstance in plagiarism is an act intended to make the plagiarism more difficult to detect. Such conduct includes, for example, the additional modification of individual words or phrases, the creation of typos, the use of machine translation tools or the creation of synonymous text, etc. The Dean may initiate a disciplinary procedure pursuant to the Academic Codex. Intentional or repeated plagiarism always entail disciplinary hearing and may result in expulsion from AAU.

### ***Use of Artificial Intelligence and Academic Tutoring Center***

The use of artificial intelligence tools to search sources, to process, analyze and summarize data, and to provide suggestions or feedback in order to improve content, structure, or style, defined here as AI-assisted writing, is not in itself plagiarism. However, it is plagiarism if, as a result, it obscures the authorship of the work produced or the degree of its originality (see the examples above).

AAU acknowledges prudent and honest use of AI-assisted writing, that is, the use of AI for orientation, consultation, and practice is allowed. For some courses and assignments, however, the use of AI is counterproductive to learning outcomes; therefore, the course syllabus may prohibit AI assistance.

A work (text, image, video, sound, code, etc.) generated by artificial intelligence based on a mass of existing data, defined here as AI-generated work, is not considered a work of authorship. Therefore, if an AI-generated work (e.g. text) is part of the author's work, it must be marked as AI-generated. Otherwise, it obscures the authorship and/or the degree of originality, and thus constitutes plagiarism. Unless explicitly permitted by the instructor, submission of AI-generated work is prohibited.

If unsure about technical aspects of writing, and to improve their academic writing, students are encouraged to consult with the tutors of the AAU Academic Tutoring Center. For more information and/or to book a tutor, please contact the ATC at:

<http://atc.simplybook.me/sheduler/manage/event/1/>.

### **Course accessibility and inclusion**

Students with disabilities should contact the Dean of Students to discuss reasonable accommodations. Academic accommodations are not retroactive.

Students who will be absent from course activities due to religious holidays may seek reasonable accommodations by contacting the Dean of Students in writing within the first two weeks of the term. All requests must include specific dates for which the student requests accommodations.

### **9. Grading Scale**

<b>Letter Grade</b>	<b>Percentage*</b>	<b>Description</b>
A	95 – 100	<b>Excellent performance.</b> The student has shown originality and displayed an exceptional grasp of the material and a deep analytical understanding of the subject.
A-	90 – 94	
B+	87 – 89	<b>Good performance.</b> The student has mastered the material, understands the subject well and has shown some originality of thought and/or considerable effort.
B	83 – 86	
B-	80 – 82	
C+	77 – 79	<b>Fair performance.</b> The student has acquired an acceptable understanding of the material and essential subject matter of the course, but has not succeeded in translating this understanding into consistently creative or original work.
C	73 – 76	
C-	70 – 72	
D+	65 – 69	<b>Poor.</b> The student has shown some understanding of the material and subject matter covered during the course. The student's work, however, has not shown enough effort or understanding to allow for a passing grade in School Required Courses. It does qualify as a passing mark for the General College Courses and Electives.
D	60 – 64	
F	0 – 59	<b>Fail.</b> The student has not succeeded in mastering the subject matter covered in the course.

\* Decimals should be rounded to the nearest whole number.

**Prepared by and when:** Prof. Alena Zemplerova, January 12, 2024

**Approved by and when:** Jan Vařenda, Ph.D., Vice Dean, School of Business Administration, January 25, 2024