

MGT-431

**Information: strategy & economics**

Cursus	Sem.	Type
Financial engineering	MA2, MA4	Opt.
Management, Technology and Entrepreneurship minor	E	Opt.
Managmt, tech et entr.	MA2, MA4	Opt.

Language of teaching	English
Credits	4
Withdrawal	Unauthorized
Session	Summer
Semester	Spring
Exam	During the semester
Workload	120h
Weeks	14
<b>Hours</b>	<b>3 weekly</b>
Courses	3 weekly
<b>Number of positions</b>	

**It is not allowed to withdraw from this subject after the registration deadline.**

**Remark**

pas donné en 2021-22

**Summary**

The course is an introduction to information economics and its strategic ramifications. The main objectives are to use economic theory to understand strategic interactions in the presence of uncertainty, estimate the value of information, and analyze competitive strategy in an information economy.

**Content**

Readings and cases are used to discuss the following topics:

1. Competition and Market Power
2. Product Differentiation
3. Pricing Methods
4. Externalities and System Effects
5. Moral Hazard and Incentives
6. Markets and Intermediaries
7. Imperfect Competition: Search Markets
8. Auctions and Bargaining
9. Prediction Markets
10. Special Topics

**Keywords**

Asymmetric information, market imperfections, mechanism design

**Learning Prerequisites****Recommended courses**

Principles of Microeconomics (MGT-454) or equivalent course

**Learning Outcomes**

By the end of the course, the student must be able to:

- Recognize strategic significance of informational asymmetries

- Represent strategic interactions in simple economic models
- Analyze market imperfections
- Construct business models for market intermediaries
- Optimize pricing for differentiated products
- Create economic mechanisms
- Transpose concepts to concrete application (project)

### Transversal skills

- Plan and carry out activities in a way which makes optimal use of available time and other resources.
- Use a work methodology appropriate to the task.
- Communicate effectively with professionals from other disciplines.
- Identify the different roles that are involved in well-functioning teams and assume different roles, including leadership roles.
- Use both general and domain specific IT resources and tools
- Collect data.
- Make an oral presentation.
- Write a scientific or technical report.

### Assessment methods

Continuous assessment combining:

20% Homework (problem sets)

40% Team project

30% Written exam (midterm)

10% Class participation

### Resources

#### Bibliography

Reading bulkpack

McAfee, R.P. (2005) *Competitive Solutions : The Strategist's Toolkit*, Princeton University Press: Princeton, NJ.

Shapiro, C., Varian, H. (1999) *Information Rules : A Strategic Guide to the Network Economy*, Harvard Business School Press: Boston, MA.

#### Ressources en bibliothèque

- [Information Rules / Shapiro](#)
- [Competitive Solutions / McAfee](#)

#### Websites

- <http://econspace.net/MGT-431.html>