

TOPIC:

Choose a firm that has a major presence in Australia. Define the market and identify the key competitors. Analyze the output market characteristics of this firm (e.g. perfect competition, monopoly, oligopoly etc.). Justify your answer using real-time market data (e.g. market share, profits, sales etc.) for this industry in recent years. You can make use of the Herfindahl index and market concentration ratio for your justification. Explain the profit maximising condition of the firm in such a market.

Next, assume at least TWO changes in the market conditions (e.g. changes in cost of production, new entry or exit of firms in the industry, changes in government policy etc.). How will each of these changes affect the market as well as your firm's position in the market? Do these changes affect the profit maximizing level of output and price (analyse each change separately)? Comment on the efficiency levels of this firm and the industry overall.

Make sure to provide a rationale and justification for any of the assertions you make. You are expected to draw upon the theoretical concepts contained in the course in your discussion of such aspects as market structure, entry and exit, and rivalry between competitors. Use proper diagrams to illustrate your answer.

GROUP RESEARCH ASSIGNMENT FORMAT:

- Your task is to write a short research paper on the above topic. Word limit: 2000 (including references).
- Submit your choice of firm and a brief progress report to me **in Week 6 (not more than an A4 page: maximum of 500-600 words)**.
- You need to submit your assignment by the end of Week 10
- This is a research project. I expect it to take the appearance of an academic paper and be structured as follows:
 - *Introduction* Mention the main objectives of this research and the reasons you chose this firm. You may cite any relevant literature to explain the importance of your research.
 - *Basic analysis of the firm characteristics* What kind of a market is this firm competing in? - perfect competition, monopoly, oligopoly etc.? Justify your answer using real-time market data (e.g. market share, profits, sales etc.) for this industry in recent years. Which firms are the main competitors? Explain the profit maximizing condition of this firm. How do the competitors influence the pricing decision of this firm? Comment on the overall industry.
 - *Two changes in market conditions* What happens when the market conditions change? Analyze each case separately. You can use diagrams, charts, and tables to explain your findings.
 - *Conclusions (may be in one short paragraph)* Summaries your findings and future policy implications for this firm and the industry overall. Is there any role of the government?
 - *References* Do not forget to refer to the data sources and any other references you have used to write this short paper.

You will be graded based on your writing and communication abilities to a broader audience. The assignment must be clearly written; any diagrams, charts, tables etc. must be clearly labelled and explained in your text and any equations defined and explained. The quality of your argument, the clarity with which you explain and illustrate the relevant concepts and the way in which you relate theory to the available empirical evidence is very important here. Detailed feedback will be provided upon grading.