Müəllimin adı: Hajiyeva Arzu Ali

Fənnin adı: Economy of the firm

Qrupun nömrəsi: 1027, 1028

**Mövzu 1: Introduction to the firm. Main Theoretical views**

1. The nature of the firm. Explain why firms exist.
2. Explain Coasian and Williamsons theory of the firm.
3. A complete and incomplete contracts.Explain bounded ratioanlity, adverse selection, moral hazard in contracts.

**Mövzu 2: Corporate Governance and the forms of Business ownership**

1. Forms of Business Ownership: Sole propriertorship and partnership
2. Forms of Business Ownership: Corporation.(Explain S&C Corporations and LLC)
3. What is corporate governance:objectives and attributes.
4. Explain possible conflicts in corporations (Director-shareholder conflicts, management-shareholder conflicts).

**Mövzu 3: Industry and Company Analysis. Assets of the firm**

1. A) Explain sum of the years’ digits method of depreciation of firms’ assets.

B) Calculate problem using double declining balance method.

1. A) Explain straight-line method of depreciation of firms’ assets.

B) Calculate problem using sum of the years' digits method.

1. A) Explain double declining balance method of depreciation of firms’ assets.

B) Calculate problem using straight line method.

1. Industry classifications (Cyclical, defensive and growth industries)
2. Explain peer group and the steps in constructing a preliminary list of peer companies
3. Explain Porter’s “Five Forces Framework” and Industry life-cycle model

**Mövzu 4: Models of Market Behavior: Perfect Competition**

1. Demand and individual firm’s supply curve under perfect competition/ explain entry and exit decisions in the long run.
2. Explain the performance of the firms under perfect competitive market according the following graphs (explain break even/ shut-down points in short and long term)



1. Concepts of competition. When the firm is considered to be competitive?
2. - 9. Market demand is given. The industry is perfectly competitive and is made of N identical firms. Each firm’s cost function is given. Obtain the individual supply function f of a single firm as well as the market supply function. What is the market equilibrium for a given number of firms N? How many firms are there in the market in the long run equilibrium?

**Mövzu 5: Models of Market Behavior: Oligopoly**

1. Explain Oligopolistic market, types and features of Oligopoly.
2. Explain what is cartel and why they are illegal? State possible penalties for cartels.
3. Explain Kinked demand curve.

**Mövzu 6: Models of Market Behavior: Oligopoly**

1. Explain dominant firm positioning in oligopoly.
2. Cournot and Stackelberg models of Oligopoly. Compare the models and draw the graph.
3. Explain Bertrand competition and solve the following problem

**Mövzu 7: Game theory: Cournot model**

1. – 5 Problem solution

**Mövzu 8: Oligopoly: Stackelberg model**

1. – 8 Problem solution

 **Mövzu 9: Mergers and Acquisitions**

1. History of mergers. Explain waves.
2. Define Merger and Acquisitions. Explain their categories.
3. Explain reasons for merging and acquiring firms. Synergy value.
4. Strategic reasons for business combination.
5. Basic business reasons for business combination
6. The reasons for mergers to fail. Explain problems in achieving success.

**Mövzu 10: Mergers and Acquisitions**

1. The steps for merging and acquiring firms. Explain overall process.
2. Explain due diligence process.
3. Merger and acquisition agreement: Representations, indemnification and confidentiality.

**Mövzu 11: Measuring concentration of market: Herfindahl Hirshchman index**

1. Explain the HHI index and general rules by Federal Trade Commision.
2. – 4 Problem solution

**Mövzu 12: Capital budgeting. Firms’ investing decisions.**

1. Capital budgeting tools. Net Present Value, Payback-Period, Profitability index and Accountability index.
2. – 7 Problem solution

**Mövzu 13: Firms’ outsourcing and offshoring activities**

1. Define outsourcing and offshoring
2. Disadvantages and advantages of outsourcing
3. Explain Kraljic matrix

**Mövzu 14: Restuctring of firm and liquidation**

1. Divestiture and spin-off process
2. Explain Corporate restructuring and types of corporate downsizing (divestitures, equity carve-outs, spin-offs, split-offs and split-ups)
3. Involuntary divestitures, explain reasons.
4. Voluntary divestitures, explain reasons.
5. Reorganization versus liquidation – explain bankruptcy and reorganization process

**Mövzu 15: Auctions**

1. Auctions, their types and bidding process
2. Auctions, known, unknown values
3. E-auctions, their benefits and limitations