

COURSE / MODULE / BLOCK DETAILS

ACADEMIC YEAR / SEMESTER

| | | | |
|---|-------------|--|-----------------------|
| Offered by: İktisat | | | |
| Course Title: ECONOMICS OF INFORMATION | | Course Org. Title: ECONOMICS OF INFORMATION | |
| Course Level: Lisans | | Course Code: ECO 4417 | |
| Language of Instruction: İngilizce | | Form Submitting/Renewal Date 29/04/2014 | |
| Weekly Course Hours: 3 | | Course Coordinator: PROF.DR. YEŞİM ÜÇDOĞRUK GÜREL | |
| Theory | Application | Laboratory | National Credit: 3 |
| 3 | 0 | 0 | ECTS Credit: 5 |



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| | |
|-------------------------|------------------------------------|
| Offered to: | Course Status: Compulsory/Elective |
| Name of the Department: | |
| Economics | Elective Course |



DOKUZ EYLUL UNIVERSITY



FACULTY OF BUSINESS ADMINISTRATION OFFICE OF THE DEAN

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Instructor/s:

PROF.DR. YEŞİM

Wire: +90 (232) 453 50 60

Fax: +90 (232) 453 50 62

Access: www.deu.edu.tr

Address: D.E.Ü. Kaynaklar Yerleşkesi 35160 Buca / İZMİR

E-mail: isletme@deu.edu.tr

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Course Objective:

People make choices subject to the information available to them. But when two people interact it is often the case that they do not have access to the same information. For example, it is hard to be sure whether an eBay seller is holding something back in the description of an item for sale (or whether an online dating profile is completely upfront). This creates the need for trust and the opportunity for insincere behavior. In this course, we will see that the consequences of such information asymmetry for otherwise well-functioning markets can be deleterious. But we will also learn what kinds of new market arrangements or institutional structures can be introduced to mitigate these effects. Important specific issues to be covered include adverse selection, moral hazard, price discrimination, signaling, screening, and reputation. All of these issues take on a particular significance in an information society where technology mediates asynchronous and geographically dispersed transactions. The aim of this course is to help the learner to become familiar with the use of information as one of the main actors of contemporary economics. The course also paves the way for learners to understand the implications of economics of information on strategy, structure and pricing.

Learning Outcomes:

- 1 Describe basic concepts in economics of information.
- 2 Explore main principles of economics of information so that s/he can understand the different nature of information compared with other goods and services.
- 3 Demonstrate understanding of implications of information on strategy and pricing decisions of the firms and market structure using real world examples.
- 4 Examine the welfare implications of rapid and radical changes in information technologies in order to develop policy implications.
- 5 Make presentations on economics of information with the purpose of doing descriptive analysis of different country experiences and case studies.

Learning and Teaching Strategies:

1. Lecture
2. Reading
3. Case studies and discussions

Assessment Methods:

| Name | Code | Calculation formula |
|---------|------|---------------------|
| Midterm | MT | |



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| | | |
|----------------------------|-----|---|
| TermProject | TP | |
| Presentation | PRS | |
| Final | FN | |
| BNS | BNS | MT * 030 + TP * 030 + PRS * 010 + FN * 030 |
| Bütünleme Notu | BUT | |
| Bütünleme Sonu Başarı Notu | BBN | MT * 030 + TP * 030 + PRS * 010 + BUT * 030 |

Further Notes about Assessment Methods:

Assessment Criteria:

1. The learner will define basic concepts of information economics such as adverse selection and moral hazard and their implications on pricing and market structure.
2. The learner will be aware of possible causes and implications of emerging digital technologies and business methods.
3. The learner will use fundamental economic principles to illustrate the information-related business case studies.
4. The learner will analyze the wealth creation and destruction effects of rapid and radical changes related to information.
5. The learner will make research about a specific topic and present it in line with economics of information terminology.

Textbook(s)/References/Materials:

1. Shapiro, Carl and Varian, Hal. Information Rules: A Strategic Guide to the Network Economy. Harvard Business School Press, 1998.
2. Brynjolfsson, Erik and Saunders, Adam, Wired for Innovation: How Information Technology is Re-shaping the Economy, MIT Press, 2009.
3. Donald E. Campbell: Incentives: Motivation and the Economics of Information, second edition, Cambridge 2006.
4. Varian, Hal R. Farrell, Joseph Shapiro, Carl. The Economics of Information Technology: An Introduction, Cambridge University Press, Cambridge, 2004.
5. Reading package

Course Policies and Rules:

1. Attending at least 70 percent of lectures is mandatory.
2. Plagiarism of any type will result in disciplinary action.



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Contact Details for the Instructor:

yesim.ucdogruk@deu.edu.tr

Office Hours:

To be announced

Course Outline:

| Week | Topics: | Notes: |
|------|--|--------|
| 1 | Introduction | |
| 2 | Economics of Information: Concepts | |
| 3 | Markets with Asymmetric Information | |
| 4 | Differential Pricing | |
| 5 | Search and Competition | |
| 6 | Adverse Selection | |
| 7 | Case Study: The economics of intellectual property, creativity, and technological innovation | |
| 8 | Case Study: Open source and innovation | |
| 9 | Case Study: The Future of the Information Economy | |
| 10 | Case Study: The paradox of the Internet: Capitalism vs. Public Wealth | |
| 11 | Case Study: Empirical analysis on ICT (productivity, education) | |
| 12 | Case Study: Trust in the digital economy: Security and privacy | |



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ECTS Table

| Course Activities | Number | Duration (hour) | Total Work Load (hour) |
|---------------------|--------|-----------------|------------------------|
| In Class Activities | | | |
| Lectures | 12 | 3 | 36 |

Exams

| | | | |
|---------|---|---|---|
| Final | 1 | 2 | 2 |
| Midterm | 1 | 2 | 2 |

Out Class activities

| | | | |
|---|----|----|-----|
| Preparations before/after weekly lectures | 12 | 1 | 12 |
| Preparation for midterm exam | 1 | 15 | 15 |
| Preparation for final exam | 1 | 20 | 20 |
| Design Project | 1 | 30 | 30 |
| Preparing presentations | 1 | 5 | 5 |
| Total Work Load (hour) | | | 122 |
| ECTS Credits of the Course= Total Work Load (hour) / 25 | | | 5 |