

Course Syllabus

Course 2014-15

Strategic Management II (20692)

Department/Area of Study: Business Administration

Course: 3rd / 4th

Term: third

Number of credits ECTS: 5

Hours dedicated by students: 125

Language: English

Professor: Rei Sayag

1. Course description

- **Objectives:** This course exposes students to the drivers of firm performance in competitive marketplaces and the factors that allow the success of firms to persist over time. The focus of the course is on long-term decisions that involve a substantial amount of resources such as firm scale, choice of markets and products, or the decision by an established firm of whether or not to fight off an entrant. The course draws heavily on economic theory to define concepts and build a coherent framework for competitive analysis at the firm and industry levels
- **Requirements:** The course takes a deeper look at some of the topics already introduced in previous microeconomic courses. The previous knowledge required to follow this class are divided into two parts:
 - *Knowledge of basic mathematics:* Algebra, Probability, Optimization. Most of this knowledge is basic, and students have acquired it before University. Other parts they have learned during the first year at the University in the courses of Mathematics and Data Analysis.
 - *Knowledge of economics:* This course requires the basic knowledge acquired during the courses *Microeconomics I and II*. Students will also benefit from basic knowledge of game theory, though this is not a prerequisite to take the course. In Microeconomics I and II students are introduced to the process of formalizing economic phenomena at an intermediate level, a process that is needed to extend the understanding of firm behavior.
- **Prerequisite courses:** Microeconomics I and II.

2. Competences to be attained

<i>General competences</i>	<i>Special competences</i>
<ul style="list-style-type: none">• Carry out business advisory and consulting tasks• Be able to negotiate appropriately to achieve favorable and sustainable agreements• Solve management and	<ul style="list-style-type: none">• Understand and contribute to the functional area of Strategy within an organization• Develop analytical skills; ability to apply economic theory to the formulation of firm strategy

<p>administration problems arising in the company</p> <ul style="list-style-type: none"> • Be able to establish and manage their own business 	<ul style="list-style-type: none"> • Perform basic analysis of the firm's competitive environment • Perform basic strategy formulation: identify the firm's optimal response to its competitive environment • Understand strategy dynamics. Identify trends and technological changes in an industry and anticipate their impact
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3. Contents

1. Introduction to the economics of strategy
2. Business models
3. Horizontal boundaries of the firm
4. Vertical boundaries of the firm
5. Market power in the vertical chain
6. Market structure and competition
7. Product differentiation
8. Competitive dynamics in oligopolistic industries
9. Value ecosystems
10. Entry and exit
11. Information goods
12. Managing technology

4. Evaluations

- **Seminar grading (40%):**
A third of the seminar grade consists on the student's presentation of one business case in one of the seminars, and the remaining two thirds of the grade is given by the student's active participation in the discussion of the remaining business cases. Seminar participation is **obligatory**.

Students are expected to present their analysis of one business case during the course. Presentations will be assigned to groups of approximately 5 students. General remarks on group presentations:

- All groups are expected to hand in their presentation on the Thursday before the week in which the presentation takes place. Presentations must be directly sent

by email their presentation to the seminar teacher. Missing this deadline will reduce the presentation grade.

- Each member of the group is expected to participate in the presentation at some point in the seminar. If a member attends the seminar but does not actively participate in the presentation, his/her presentation grade will depend only on his/her individual contribution to the seminar discussion.
- If *some* members of the group do not attend the seminar (but the presentation takes place), absent members will not be awarded a presentation grade. However, if *all* members of the group are absent from the seminar (i.e., no presentation takes place) all group members will be awarded a zero in their presentation grade.
- Students are expected to properly acknowledge sources when citing ideas or opinions from others. Plagiarism and intellectual dishonesty will not be accepted.
- As a general rule, questions regarding business cases will not be attended *before* the seminar discussions take place.
- Students can only present in the seminar they are enrolled in.

The seminar participation grade is composed of participation grades from the remaining seminars in which the student does not present. General remarks on seminar participation:

- Students who are not presenting should not hand in their work; students are expected to prove their work by contributing to the seminar discussion.
- Students should only expect to be awarded a participation grade for seminars in which they contribute to enrich the discussion with thoughtful and sound interventions.
- Students can only participate in the seminar they are enrolled in.

Please note that the course's language of instruction is English. All presentations must be conducted exclusively in English.

- **Final exam (60%):**

The final exam covers the theory content of the course presented during the lectures, and is independent of the seminars. The final exam will generally take the format of a test and last two hours, the precise details will be announced during the course.

Final course grade is a weighted average of the course's two components. Relative weight for each activity:

- Seminar presentation and participation 40%
- Final exam 60% (a passing grade is necessary to pass the course)

The final exam is on June 19. There is also a second chance in July for those **who failed the first exam**. Exact date will be announced.

5. Bibliography and didactic materials:

Basic bibliography

- Besanko, David, David Dranove, Mark Shanley, and Scott Schaefer, “Economics of Strategy”, Wiley, 6th Edition, 2012

Additional bibliography

The following references can be useful to expand on the topics and concepts presented in the course:

- Ghemawat, Pankaj, “Strategy and the Business Landscape”, Prentice Hall, 3rd Edition, 2009
- McAfee, Preston, “Competitive Solutions: The Strategist's Toolkit”, Princeton University Press, 2005
- Saloner, Garth, Andrea Shepard, and Joel Podolny, “Strategic Management”, Wiley, 2005
- Spulber, Daniel, “Economics and Management of Competitive Strategy”, World Scientific Publishing Company, 2009

6. Methodology

During the course the following activities will be carried out:

- a) Theoretical sessions in a big group to introduce the concepts and their basic applications.
- b) Seminar sessions in a small group where business cases are presented by some of the students and discussed in class.

7. Course outline

<i>Lectures</i>	<i>Activities inside the classroom</i>			<i>Activities outside the classroom</i>		
	<i>Learning activities</i>	<i>Resources</i>	<i>Estimated time</i>	<i>Learning activities</i>	<i>Resources</i>	<i>Estimated time</i>
Introduction to the economics of strategy	Lecture	Slides	1h			
Horizontal boundaries of the firm	Lecture	Slides	2h	Reading	Bibliography	3h
Vertical boundaries of the firm	Lecture	Slides	4h	Reading	Bibliography	3h
Market structure and competition	Lecture	Slides	4h	Reading	Bibliography	3h
Dynamics in oligopolistic	Lecture	Slides	4h	Reading	Bibliography	3h

industries						
Entry and exit	Lecture	Slides	4h	Reading	Bibliography	3h
Industry analysis	Lecture	Slides	4h	Reading	Bibliography	3h
Competitive advantage	Lecture	Slides	4h	Reading	Bibliography	3h
Exam preparation				Study	Slides and bibliography	12h
Total			27h			33h

<i>Seminars</i>	<i>Activities inside the classroom</i>			<i>Activities outside the classroom</i>		
	<i>Learning activities</i>	<i>Resources</i>	<i>Estimated time</i>	<i>Learning activities</i>	<i>Resources</i>	<i>Estimated time</i>
Seminars (x5): each of the five seminars where the student does not present	Case discussion	Case hand-out	1,5h	Case preparation	Case hand-out Lecture notes Internet	6h
Seminar: where the student presents (in a group)	Case presentation & discussion	Case hand-out Presentation slides	1,5h	Case preparation Group discussion Presentation preparation	Case hand-out Lecture notes Internet	21h
Total (6 seminars)			9h			27h