

# Strategic Management II (20692)

**Degree/study:** Business Administration

**Course:** 3° / 4°

**Term:** Third

**Number of ECTS credits:** 5

**Hours of student's dedication:** 125 hours

**Language or languages of instruction:** English

**Professor:** Timo Sohl and Bilgehan Uzunca

## 1. Presentation of the subject

This course exposes students to the different aspects that allow firms to succeed when competing in the marketplace, also paying attention to the factors that allow such success to persist. Rather than on daily managerial issues, the focus will be 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 on economic thinking to define concepts and build a coherent framework for competitive analysis at the industry and firm levels. For this reason, it is required that students are familiar with basic knowledge of microeconomics. Students will also benefit from basic knowledge of game theory, though this is not a prerequisite to take the course.

Prerequisite courses: Microeconomics I and II

## 2. Competences to be attained

<i>General competences</i>	<i>Specific competences</i>
<ul style="list-style-type: none"><li>• Carry out business advisory and consulting tasks</li><li>• Be able to negotiate appropriately to achieve favorable and sustainable agreements</li><li>• Solve management and administration problems arising in the company</li><li>• Be able to establish and manage their own business</li></ul>	<ul style="list-style-type: none"><li>• Understand and contribute to the functional area of Strategy within an organization</li><li>• Develop analytical skills; ability to apply economic theory to the formulation of firm strategy</li><li>• Perform basic analysis of the firm's competitive environment</li><li>• Perform basic strategy formulation: identify the firm's optimal response to its competitive environment</li><li>• Understand strategy dynamics. Identify trends and technological changes in an industry and anticipate their impact</li></ul>

### 3. Contents

1. Introduction to the economics of strategy
2. Horizontal boundaries of the firm
3. Vertical boundaries of the firm
4. Market structure and competition
5. Product differentiation
6. Dynamics in oligopolistic industries
7. Entry and exit
8. Industry analysis
9. Competitive advantage

### 4. Assessment

Final course grades are composed of a seminar grade (40%) and a final exam grade (60%). Following the Faculty of Economic and Business Sciences guidelines, an exception is made for students on an Erasmus exchange program, who may take the final exam as 100% of their grade.

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.

Seminars grades are based on active student participation and have two components. Students are expected to present their analysis of one business case during the course in groups of approximately 5 students (1/3rd of the seminar grade), and individually participate and contribute to the discussion of all other cases (2/3rds of the seminar grade).

Remarks on group presentations:

- All presenting groups are expected to hand in a printed copy of their presentation at the beginning of the first theory class of the week in which the presentation takes place. Missing this deadline will reduce the presentation grade.
- Each student in the group is expected to present at some point in the seminar. If a student does not present, his/her grade will depend only on his/her individual contribution to the discussion.

General remarks on the remaining seminars:

- Students who are not presenting should not hand in their work; students are expected to prove their work by actively contributing to the discussion.
- Students are expected to properly acknowledge sources when citing ideas or opinions from others. Plagiarism and intellectual dishonesty will be punished.

- Questions regarding cases will not be attended *before* the seminar discussions take place.
- Failure to attend a seminar will result in a proportional reduction in the seminar grade.

Also note that the course's language of instruction is English. All lectures, seminars, as well as the final exam, will be conducted exclusively in English.

## 5. Bibliography and teaching resources

### 5.1. Basic bibliography

Besanko, David, David Dranove, Mark Shanley, and Scott Schaefer, "Economics of Strategy", Wiley, 5<sup>th</sup> Edition, 2010

### 5.2. Additional bibliography

Brandenburger, Adam, and Barry Nalebuff, "Co-Opetition", Currency, 1997

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, "Management Strategy", McGraw-Hill/Irwin, 2003

### 5.3. Teaching resources

Slides used in the theory lectures will be made available to students on Aula Global before the lectures.

Case hand-outs for seminars will be made available on Aula Global the week before each seminar case is discussed.

## 6. Methodology

The course encompasses the following activities:

- Lectures, where the full class meets (approximately 90 students) and the theory content of the course will be taught. The course comprises 18 lectures.
- Seminars, where subgroups of approximately 30 students meet. Each student will participate in 6 seminars during the course, and each requires preparation work in advance.
- Directed study outside the classroom, individually, where students will analyze the cases to be discussed in the seminars.

- Directed study outside the classroom, in groups, who will analyze a case to be discussed in the seminars and prepare their presentation of the case (once during the course).
- Directed study outside the classroom, individually, in preparation for the final exam.

## **7. Activities Planning**

The planning of activities, resources, and work load are listed in the following tables.

<b>Lectures</b>	<b>Activities inside the classroom</b>			<b>Activities outside the classroom</b>		
	<b>Learning activities</b>	<b>Resources</b>	<b>Estimated time</b>	<b>Learning activities</b>	<b>Resources</b>	<b>Estimated time</b>
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 industries	Lecture	Slides	4h	Reading	Bibliography	3h
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	17h
<b>Total</b>			27h			38h

<b>Seminars</b>	<b>Activities inside the classroom</b>			<b>Activities outside the classroom</b>		
	<b>Learning activities</b>	<b>Resources</b>	<b>Estimated time</b>	<b>Learning activities</b>	<b>Resources</b>	<b>Estimated time</b>
<b>Seminars (x5):</b> 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
<b>Seminar:</b> 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
<b>Total (6 seminars)</b>			9h			51h