

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 of instruction: English

Professor: Andres Hervas-Drane

1. Presentation of the subject

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. For this reason, the course requires students to be familiar with microeconomic theory. 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">• Carry out business advisory and consulting tasks• Be able to negotiate appropriately to achieve favorable and sustainable agreements• Solve management and administration problems arising in the company• Be able to establish and manage their own business	<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• 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

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. Assessment

Final course grades are composed of several components. Half of the final grade always consists of a final exam (50% or more), and the other half (up to 50%) depends on a presentation and participation in the six seminars scheduled during the course. One part of the seminar grade (up to 20%) consists on the student's presentation of one business case in one of the seminars, and the remaining (up to 30%) is given by the student's active participation in the discussion of the remaining business cases.

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.

Students are expected to present their analysis of one business case during the course. Presentations will be assigned to groups of approximately 5 students. Presentation grades will contribute up to 20% of the final grade (see further below for details on how the final grade is computed).

General remarks on group presentations:

- All groups are expected to hand in their presentation at the beginning of the first theory class of the week in which the presentation takes place. Groups presenting in seminars 101, 102, and 103 will hand in a printed copy before the beginning of the lecture. Groups presenting in seminars 201, 202, and 203 will directly email their presentation to Professor Timo Sohl (timo.sohl@upf.edu) by the same deadline. 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 be punished.
- 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 (up to 30%) is composed of participation grades from the remaining seminars in which the student does not present. If there are six seminars in the course so that the student can participate in the discussion of five cases, each seminar participation grade weighs 6% towards the final grade ($6\% \times 5 = 30\%$).

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 are expected to properly acknowledge sources when citing ideas or opinions from others. Plagiarism and intellectual dishonesty will be punished.
- As a general rule, questions regarding business cases will not be attended *before* the seminar discussions take place.
- Students can only participate in the seminar they are enrolled in.

Final grades will be derived by the weighted average of the exam, presentation, and participation grades. The weight of the exam grade will be adjusted upwards to cover missing presentation or participation grades. Moreover, a favorable-exam-grade rule will be applied; if the exam grade is higher than the presentation and/or participation grades, these will be discarded when computing the final grade. Note however that the favorable-exam-grade rule will not be applied to presentation and/or participation grades if these are equal to zero. The following table illustrates the grading mechanism with a few examples:

Presentation grade	Participation grade	Participation weight	Exam grade	Final grade
8,5	8	30%	5,8	7
7	5	24%	4,3	5
7	5,5	18%	6	6,2
(none)	8	12%	7	7,12
7	(none)	0%	9	9
(none)	(none)	0%	3	3
0	6	6%	5,5	4,43

In accordance with the rules set by the Facultad, students *who take the final exam* and fail the course (obtain a final grade below 5) are eligible to take a recovery exam in July. The grade obtained in this recovery exam will be used to compute the final grade in the exact same way as described above for the final exam in June. Presentation and participation grades cannot be recovered in July, and carry over from those obtained during the course. Students on exchange programs should be aware that no exceptions are made on grading rules; their final grade will be computed exactly as described above.

Please 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. Unforeseen circumstances not covered in this PDA will be resolved following the Facultad's guidelines. If no guidelines exist, no exceptions to the general rules will be applied to individual cases.

5. Bibliography and teaching resources

5.1. Basic bibliography

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

5.2. 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

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 and the theory content of the course will be explained. The course comprises 18 lectures.
- Seminars, where subgroups of approximately 30 students meet. Each student participates 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 tables included in the next pages.

Lectures	Activities inside the classroom			Activities outside the classroom		
	Learning activities	Resources	Estimated time	Learning activities	Resources	Estimated time
Introduction	Lecture	Slides	1h			
Business models	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
Horizontal boundaries of the firm	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
Vertical boundaries of the firm	Lecture	Slides	3h	Reading	Slides, Bibliography	2h
Market power in the vertical chain	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
Market structure and competition	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
Product differentiation	Lecture	Slides	3h	Reading	Slides, Bibliography	2h
Competitive dynamics in oligopolistic industries	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
Value ecosystems	Lecture	Slides	3h	Reading	Slides, Bibliography	2h
Entry and exit	Lecture	Slides	3h	Reading	Slides, Bibliography	2h
Information goods	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
Managing technology	Lecture	Slides	2h	Reading	Slides, Bibliography	2h
				Study	Slides, Bibliography	11h
Total			27h			33h

Seminars	Activities inside the classroom			Activities outside the classroom		
	Learning activities	Resources	Estimated time	Learning activities	Resources	Estimated time
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	7h
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			56h