

策略經濟學

Economics of Strategy

[English speaking course]

Graduate Institute of International Business, National Taiwan University,
2011, Spring

Time: Class 6~8, Tuesday

Instructor: Pf. Wu, Hsueh-Liang

Classroom: Rm. 302, Management Building II

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Course website:

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https://ceiba.ntu.edu.tw/991Econ_strategy

TA:

Course profile

To reflect the cutting edge of academic thinking about business strategy, this course aims to offer students a solid economic foundation for strategic analysis. By presenting basic concepts of economic theory rooted in modern strategy literature, the course provides an economic lens for viewing a broad array of the strategic activities of the firm.

The course begins by examining the nature of competition and the dynamics of competitive rivalry. We also cover the debate between environmental determinism and strategic choice. After the mid-term exam, the focus is on the rationale of corporate strategy; that is, why and how firms change their boundaries in the pursuit of growth or value creation.

Goals

1. To analyze the profit potential of the industries within which it competes;
2. To assess the strength of its competitive position within these industries;
3. To evaluate the sustainability of its competitive advantages (if any);
4. To provide the necessary frameworks and tools to perform a comprehensive analysis of a firm's strategy;
5. To learn how to assess the appropriateness of a firm's boundaries;
6. To determine the best way to organize itself internally in light of its strategy.

Course requirements:

1. Active and meaningful participation.

- This course is based on the premise that the bulk of your learning will take place as you prepare for each class, attend the class, and participate in the ensuing group and class discussions. As such, attendance to the class on time is mandatory. Because learning takes place in class, you must be prepared for each class. As a result, this is a very intense and demanding course. Active participation, both in the class and in the group, is an indispensable element of learning experience. Meaningful participation means making a contribution to the intellectual conversation. Our interest is not "right" or "wrong", it is whether you have made a contribution to the development of the issues under study by the class (group), and whether

you have moved the class (group) forward. Much of the professional activities of managers involve speaking about one's analysis of issues in front of other managers. Communication skills, such as these, should prove useful in whatever career you choose.

2. Thorough understanding of textbook and assigned readings

3. Preparation of HBR articles and on-class presentation.

- To enhance your reading and presentation skills, I will assign HBR articles for some topics of lectures. Every group is responsible for presenting the assigned article and leading the discussion upon the article.

4. Preparation of HBS cases and submission write-ups.

- You are required to read and submit the case write-ups on a group basis for each HBS case. The case write-ups have to be word-processed, with reasonable line space and fonts, and signed by team members before turning in. Since report length will not necessarily reflect its quality, please limit your write-ups within **TWO pages** each, excluding necessary appendices. Finally and most importantly, all assignments are due by the date of case discussion. There will be no credit provided for overdue Write-ups.
- Sufficient preparation is the dominant and the only game rule toward good performance in this course. While the marketing course normally addresses the 4P principle, we highlight a “**5P rule**”, i.e., “**Proper Preparation Prevents Poor Performance**”.

References

- ◆ Besanko, D., Dranove, D., Shanley, M., & Schaefer, S. 2007. *Economics of Strategy*, 4th ed., Wiley. (東華書局代理).[Please procure the book as early as possible].
- ◆ **HBS cases:** Some Harvard Business School cases are used in this course. All students are required to pay approximately NT\$350 for all HBS cases as reprint permit fee and photocopy expenses.
- ◆ **Lecture materials and assigned readings (HBR articles):** These materials are downloadable from the CEIBA website before each class. Assigned articles should be prepared by everyone and presented on class by the assigned group.

Grading policy

Mid-term and final exams	60%	Group Presentation	15%
Case Write-Ups	20%	Class participation	5%

Timetable

2010.9.6

Week	Textbook	On-class activity	Assigned reading
1	-Introduction: Strategy and Economics. -Primer: Economic Concepts for Strategy.	-Course orientation	Note on Microeconomics for Strategists <i>Kenneth S. Corts and Jan W. Rivkin (2000) HBS.</i>
2	Ch 6. Competitors & Competition Ch 10. Industry Analysis	-Student grouping	Ch 1. The Evolution of the Modern Firm (textbook)
3	Ch 7. Strategic Commitment	HBS case-1: Ice-Fili	
4	Ch 8. The Dynamics of Pricing Rivalry.		Grp 1: How to Fight a Price War? <i>Akshay R. Rao, Mark E. Bergen, Scott Davis (2000). HBR</i>
5		HBS case-2: Responding to Wii	
6	Ch 9. Entry and Exit (plus population ecology)		Grp 2: Strategies to Crack Well-Guarded Markets <i>David J. Bryce, Jeffrey H. Dyer (2007), HBR</i>
7		HBS case-3: Oil & gas industry	
8	Ch 11. Strategic Positioning for Competitive Advantage. Ch 12. Sustaining Competitive Advantage		Grp 3: Judo Strategy: The Competitive Dynamics of Internet Time <i>David B. Yoffie, Michael A. Cusumano (1999), HBR</i>
9	Ch 13. The Sources of Advantage: Innovation, Evolution, and Environment.		Grp 4: Half-Truth of First-Mover Advantage <i>Fernando F. Suarez,</i>

				<i>Gianvito Lanzolla (2005), HBR</i>
10		Mid-term exam	Cover all chapters above & the cases discussed on class	
11		Ch 2. The Horizontal Boundaries of the Firm		Grp 5: From competitive advantage to corporate strategy <i>Porter (1987), HBR</i>
12			HBS case-4: Walt Disney	
13		Ch 3. The Vertical Boundaries of the Firm Ch 4. Organizing Vertical Boundaries		Grp 6: Go downstream <i>Wise & Baumgartner (1999), HBR</i>
14			HBS case-5: Celulosa Arauco	
15		Ch 5. Diversification		Grp 7: Growth outside the core <i>Zook & Allen (2003), HBR</i>
16			HBS case-6: Nucleon	
17			HBS case-7: Zara	
18		Final exam	Cover all chapters & the case discussed after the mid-term	

Note:

1. The current timetable is tentative and subject to change.
2. Please find all the assigned HBR readings from EBSCO/BSP database in the university library.