I. Catalog Description
   An introduction to the use of economics in strategic decision making by managers. (3)

II. Prerequisites: EC215, EC225, MA140 or MA139

III. Purposes or Objectives of the Course
   A. To provide an economic analytical base to formulating business strategy.
   B. To provide an understanding of the application of economic concepts and principles to the development of competitive strategies.
   C. To show how the economic approach can improve business strategic decision making.

IV. Expectations of Students
   A. Complete all assignments
   B. Participate in the bulletin board discussion on a weekly basis

V. Course Outline
   (..) Class Hours
   A. The Evolution of the Modern Firm (2)
      1. The World in 1840
      2. The World in 1910
      3. The World Today
   
   B. The Horizontal Boundaries of the Firm (3)
      1. Economies of Scale
      2. Economies of Scope
      3. Diseconomies of Scale
      4. The Learning Curve
   
   C. The Vertical Boundaries of the Firm (3)
      1. Make or Buy?
      2. Reasons to Buy
      3. Benefits and Costs of Using the Market
      4. Technological Change and Evolving Firm Boundaries
D. The Transactions Costs of Market Exchange (3)
   1. Contracts and Market Exchange
   2. Transactions with Relationship-Specific Assets
   3. The Holdup Problem

E. Organizing Vertical Boundaries (3)
   1. Technical Efficiency versus Agency Efficiency
   2. Vertical Integration and Asset Ownership
   4. Alternatives to Vertical Integration

F. Diversification (2)
   1. The Extent of Diversification
   2. Rationales for Diversification
   3. The Performance of Diversified Firms: The Evidence

G. Competitors and Competition (3)
   1. Competitor Identification and Market Definition
   2. Measuring Market Structure
   3. Market Structure and Competition

H. Strategic Commitment (3)
   1. Why Commitment is Important
   2. Strategic Commitment and Competition

I. The Dynamics of Pricing Rivalry (3)
   1. Dynamic Pricing Rivalry
   2. Market Structure and Cooperative Pricing

J. Industry Analysis (2)
   1. The Five Forces Analysis
   2. The Five Forces and Industry Analysis

K. Strategic Positioning for Competitive Analysis (3)
   1. Competitive Advantage
   2. Competitive Advantage and Value Creation
   3. Strategic Positioning: Cost Advantage and Benefit Advantage

L. Sustaining Competitive Advantage (2)
   1. Sustainable Competitive Advantage
   2. Threats to Sustainability
M. The Origins of Competitive Advantage: Innovation, Evolution and the Environment (3)
   1. Creative Destruction
   2. The Incentive to Innovate
   3. Innovation Competition
   4. The Environment

N. Incentives and Agency (4)
   1. The Agency Relationship
   2. Complications to the Agency Relationship
   3. Internal Labor Markets
   4. Executive Compensation

O. Strategy and Structure (3)
   1. An Introduction to Structure
   2. Contingency Theory
   3. Structure Follows Strategy

P. Power and Culture (3)
   1. Power and Culture in Complex Organizations
   2. Resource Dependence
   3. Power
   4. Culture

VI. Text

VII. Basis for Student Evaluation: (The weight of evaluation criteria may vary at the discretion of the instructor and will be indicated at the beginning of each class.)

   Case Studies: 20%
   Weekly Assignments: 20%
   Bulletin Board: 10%
   Exams: 50%