| Course Title: Economics of Strategy
|---|
| **Responsible Instructor:** Kai Hüschelrath
| **Course Objectives and Learning Outcomes:**
| Students are able to meet the objectives of the following categories of learning objectives and learning outcomes:

1) **Knowing:** Students are able to
- repeat the general value of economics for strategic management,
- realise the methods and techniques for analyzing business competition,
- identify the drivers of firm boundaries and selected corporate strategies,
- repeat the power of incentives in internal firm organization,
- realise the importance of the business environment in making strategic management decisions.

2) **Understanding:** Students are able to
- explain the strategic management implications of theoretical and empirical economic research,
- classify the methods and techniques for analyzing business competition,
- explain the drivers of firm boundaries and selected corporate strategies,
- explain the power of incentives in internal firm organization,
- illustrate the importance of the business environment in making strategic management decisions.

3) **Applying:** Students are able to
- demonstrate the strategic management implications of theoretical and empirical economic research,
- transfer the methods and techniques for analyzing business competition to concrete case studies,
- apply reasons and results of firm boundaries and selected corporate strategies in selected industries,
- demonstrate the power of incentives in internal firm organization,
- demonstrate the importance of the business environment in making strategic management decisions.

4) **Analysing:** Students are able to
- differentiate between different strategic management implications of theoretical and empirical economic research,
- characterize business competition in selected markets or industries,
- capture lessons learnt from historical developments of firm boundaries and selected corporate strategies,
- characterize the power of incentives in internal firm organization,
- structure measures related to the business environment in making strategic management decisions.

5) **Assessing:** Students are able to
- examine different strategic management implications of theoretical and empirical economic research,
- evaluate business competition in selected markets or industries,
- examine reasons for different developments of firm boundaries and selected corporate strategies in certain sectors and industries,
- examine the power of incentives in internal firm organization,
- evaluate the relevance of the business environment in making strategic management decisions.

6) **Synthesising:** Students are able to
- design proposals for assessments of business competition in certain sectors or industries,
- create proposals for an efficient design of firm boundaries and selected corporate strategies in selected industries.
- construct guidelines for an effective regulation of the business environment.

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<th>course contents</th>
<th>Students are able to acquire knowledge and skills of the following types of knowledge and skills, respectively:</th>
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<tr>
<td>1) factual knowledge:</td>
<td>- core knowledge of strategic management implications of theoretical and empirical economic research,</td>
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<td>- overview of methods and techniques for analyzing business competition,</td>
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<td>- overview of the drivers of firm boundaries and selected corporate strategies,</td>
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<td>- overview of the power of incentives in internal firm organization,</td>
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<td>- overview of the importance of the business environment in making strategic management decisions.</td>
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<td>2) conceptual skills:</td>
<td>- classification of core knowledge of strategic management implications of theoretical and empirical economic research,</td>
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<td>- principles of methods and techniques for analyzing business competition,</td>
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<td>- lessons learnt from successful and unsuccessful strategic management decisions,</td>
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<td>- lessons learnt from reforms of the business environment.</td>
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<td>3) procedural skills:</td>
<td>- comparative-static graphical analyses,</td>
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<td>- analytical thinking with regard to short-term, mid-term and long-term effects,</td>
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<td>- embedding economic phenomena into a general-historic environment,</td>
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<td>- analysing limitations of strategic and public policy actions.</td>
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<td>4) metacognitive skills:</td>
<td>- transfer of algebraic and graphical “language” into verbal language,</td>
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<td>- capturing implicit information,</td>
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<td>- recognition of high importance of history,</td>
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<td>- avoiding biases and fallacies of arguing.</td>
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### course outline:

1 Economic Concepts for Strategy – A Primer

2 Firm Boundaries and Corporate Strategies
   2.1 Evolution of the Modern Firm
   2.2 Horizontal and Vertical Boundaries of the Firm
   2.3 Mergers and Acquisitions
   2.4 Strategic Alliances
   2.5 Diversification

3 Market and Competitive Analysis
   3.1 Competitors and Competition
   3.2 Strategic Commitment
   3.3 Dynamics of Pricing Rivalry
   3.4 Entry and Exit
   3.5 Industry Analysis

4 Strategic Positioning and Dynamics
   4.1 Strategic Positioning for Competitive Advantage
   4.2 Origins of (and Sustaining) Competitive Advantage
   4.3 Agency and Performance Measurement

5 Internal Organization
   5.1 Incentives in Firms
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<th>5.2 Strategy and Structure</th>
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<td>5.3 Environment, Power and Culture</td>
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<td>5.4 Strategy and the General Manager</td>
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**teaching methods**
- lectures
- exercises
- hermeneutic discourses
- maieutic discourses
- discussions
- project work
- student presentations
- self-study

**prerequisites**
There are no formal requirements. Basic knowledge of the content of the following modules is assumed:
- Mikroökonomik
- Wirtschafts­theorie
- Wirtschaftspolitik

**suggested reading**
- literature (preferably most recent edition):
  - Fleisher, C. and B. Bensoussan: Strategic and Competitive Analysis, Upper Saddle River.
  - McAfee, P.: Competitive Solutions, Princeton.

**applicability**
This course is in particular applicable to the following courses of this Master programme:
- Game Theory
- Organization Theory and Design
- Rechtsökonomik

This course is also applicable to other business-oriented Master programmes offered by Schmalkalden University of Applied Sciences.

**workload**
- total workload: 150 hours, of them:
  1) lecture: 60
  2) self-study: 90, of them:
    - course preparation (in particular reading): 30
    - follow-up: 15
    - preparation for academic research project: 25
    - exam preparation: 20

**ECTS credit points and weighting factor**
- 5 ECTS credit points; weighting factor: 5/180; 5/210

**basis of student evaluation**
- comprehensive written examination, 60 minutes (80%)
- presentation of student research project (20%)

**time**
- first academic year

**frequency**
- each academic year

**duration**
- 1 semester

**course type**
- elective course

**remarks**
Teaching language is English.