

title of course	Economics of Strategy
responsible instructor	Kai Hüschelrath
course objectives and learning outcomes	<p>Students are able to meet the objectives of the following categories of learning objectives and learning outcomes:</p> <p>1) Knowing: Students are able to</p> <ul style="list-style-type: none"> - 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. <p>2) Understanding: Students are able to</p> <ul style="list-style-type: none"> - 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. <p>3) Applying: Students are able to</p> <ul style="list-style-type: none"> - 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. <p>4) Analysing: Students are able to</p> <ul style="list-style-type: none"> - 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. <p>5) Assessing: Students are able to</p> <ul style="list-style-type: none"> - 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. <p>6) Synthesising: Students are able to</p> <ul style="list-style-type: none"> - 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.
course contents	<p>Students are able to acquire knowledge and skills of the following types of knowledge and skills, respectively:</p> <p>1) factual knowledge:</p> <ul style="list-style-type: none"> - core knowledge of strategic management implications of theoretical and empirical economic research, - overview of methods and techniques for analyzing business competition, - overview of the drivers of firm boundaries and selected corporate strategies, - overview of the power of incentives in internal firm organization, - overview of the importance of the business environment in making strategic management decisions. <p>2) conceptual skills:</p> <ul style="list-style-type: none"> - classification of core knowledge of strategic management implications of theoretical and empirical economic research, - principles of methods and techniques for analyzing business competition, - lessons learnt from successful and unsuccessful strategic management decisions, - lessons learnt from reforms of the business environment. <p>3) procedural skills:</p> <ul style="list-style-type: none"> - comparative-static graphical analyses, - analytical thinking with regard to short-term, mid-term and long-term effects, - embedding economic phenomena into a general-historic environment, - analysing limitations of strategic and public policy actions. <p>4) metacognitive skills:</p> <ul style="list-style-type: none"> - transfer of algebraic and graphical “language“ into verbal language, - capturing implicit information, - recognition of high importance of history, - avoiding biases and fallacies of arguing. <p>course outline:</p> <p>1 Economic Concepts for Strategy – A Primer</p> <p>2 Firm Boundaries and Corporate Strategies</p> <p>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</p> <p>3 Market and Competitive Analysis</p> <p>3.1 Competitors and Competition 3.2 Strategic Commitment 3.3 Dynamics of Pricing Rivalry 3.4 Entry and Exit 3.5 Industry Analysis</p> <p>4 Strategic Positioning and Dynamics</p> <p>4.1 Strategic Positioning for Competitive Advantage 4.2 Origins of (and Sustaining) Competitive Advantage 4.3 Agency and Performance Measurement</p> <p>5 Internal Organization</p> <p>5.1 Incentives in Firms</p>

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	5.2 Strategy and Structure 5.3 Environment, Power and Culture 5.4 Strategy and the General Manager
teaching methods	<ul style="list-style-type: none"> - lectures - exercises - hermeneutic discourses - maieutic discourses - discussions - project work - student presentations - self-study
prerequisites	<p>There are no formal requirements. Basic knowledge of the content of the following modules is assumed:</p> <ul style="list-style-type: none"> - Mikroökonomik - Wirtschaftstheorie - Wirtschaftspolitik
suggested reading	<p>literature (preferably most recent edition):</p> <ul style="list-style-type: none"> - Baron, D.: Business and Its Environment, Upper Saddle River. - Besanko, D., D. Dranove, M. Shanley and S. Schaefer: Economics of Strategy, Hoboken. - Fleisher, C. and B. Bensoussan: Strategic and Competitive Analysis, Upper Saddle River. - Gant, R.: Contemporary Strategy Analysis, Malden. - McAfee, P.: Competitive Solutions, Princeton. - Saloner, G.: A. Shepard and J. Podolny, Strategic Management, New York. - Spulber, D.: Economics and Management of Competitive Strategy, Singapore.
applicability	<p>This course is in particular applicable to the following courses of this Master programme:</p> <ul style="list-style-type: none"> - Game Theory - Organization Theory and Design - Rechtsökonomik <p>This course is also applicable to other business-oriented Master programmes offered by Schmalkalden University of Applied Sciences.</p>
workload	<p>total workload: 150 hours, of them:</p> <ol style="list-style-type: none"> 1) lecture: 60 2) self-study: 90, of them: <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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.

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