Economics of Firm Strategy
CRN 11144 - ECON 413
Pascal Courty
University of Victoria

Tuesday-Wednesday-Friday: 10.30-11.20 CLE A203
Office hours: Tuesday-Friday 13.30-14.20 or by appointment, email me at pcourty@uvic.ca
Course material will be posted on CourseSpaces

Course Description: This course covers fundamental concepts you will need to analyze a firm’s competitive environment, perform a comprehensive analysis of its position and enunciate sound business strategies. We use simple economic principles and game theory concepts to analyze specific business situations. The course is mostly applied and covers many economic ideas in business strategy. Toward the end of the course we will discuss some recent topics such as corporate social responsibilities, conscious capitalism and strategy for non-profit organization, to name a few examples.

We will use the textbook ‘Economics of Strategy’ by Besanko et al. and the book “The Halo Effect” by Phil Rosenzweig. We will complement it with relevant and insightful research articles.

Course Objectives: You will learn how to use modern tools in industrial organization to analyze business strategies and frame policy issues. The course will cover important ideas, empirical applications, and real-world case studies. Students will acquire a language and an ability to structure problems that is necessary to address practical questions related to firm strategies and market conduct as well as their implications to industrial and competition policy.

Prerequisites: 313 or permission of department.

Evaluation: Your final grade will be determined as follows:
- Reading notes: 25%
- Two Midterms: 30%
- Participation: 10%
- Group presentation: 10%
- Group essay: 25%

100%

The University’s undergraduate grading scale with numerical score/letter grade equivalency, and descriptions can be found at the following: University Grading Schedule

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<th>A+</th>
<th>A</th>
<th>A-</th>
<th>B+</th>
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<th>C+</th>
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<td>60-64</td>
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Reading notes: Each week I will ask questions for the following week. There will be between 10 or 11 reading notes. Depending on the class, you may be asked to post brief notes on CourseSpaces prior to class or to bring your notes to class. You have to answer at
least 8, of which we will grade at least 5, and possibly more if you answer more than 8. For each reading note you answer, you will either get a credit that will count toward the required 8 count, or a credit and a grade. If we end up grading more than 5, your final grade will take into account only your 5 highest grades.

The questions are to help you understand the material and encourage you to contribute to a stimulating classroom discussion. Some of the questions may be analytical and ask you to solve a problem. Be prepared to discuss your notes in class. Your reading notes should be written in full sentences and be grammatically correct.

Participation: You are encouraged to ask questions and contribute to our discussions. During the course, I will also ask you twice to share posts on CourseSpaces and to comment on posts from others. Your grade will depend on the quality and quantity of your classroom and online contributions.

Group presentation and essay: You will write an essay for the class and you will present your main results the last two weeks of class. (More on that later.)

Plagiarism: Plagiarism is not acceptable. Be sure to quote and cite material where appropriate. In case of doubt, consult http://library.uvic.ca/site/lib/instruction/cite/plagiarism.html

Expectations: When I evaluate your contributions to the class (reading notes, midterm, essay, and presentation) I will ask myself the following question: Have you tried to use the course concepts and frameworks to tackle the problem at hand? Most concepts and framework for this course are covered in the textbook ‘The Economics of Strategy’ and will be reviewed in this class. You will be evaluated on the basis of your ability to find the appropriate economics concepts and to apply them adequately.

Important Dates:
- Course midterms (see coursespace)
- There is no final exam.

Textbooks and reading material
The course will use a textbook and a background reading:
- “The Halo Effect” by Phil Rosenzweig.
You may also want to consult the following sources:
Reading list

Part I. Incentives, Firms, and Markets
- Brian Hall and Jeffrey Liebman ‘Are CEOs really paid like bureaucrats?’ QJE 1998, p. 653-690
  [http://www.hks.harvard.edu/jeffreyliebman/hall_liebman_qje.pdf](http://www.hks.harvard.edu/jeffreyliebman/hall_liebman_qje.pdf)
- The Modern Firm. John Roberts
- Why Do We Undervalue Competent Management? Sadun, Bloom, Van Reenen

Part II. Markets and Competitive Analysis
- ‘Financial Intelligence’ by Karen Berman and Joe Knight
- “The Halo Effect” by Phil Rosenzweig.

Part III. Competitive Advantage and Industry Dynamics
- “The Halo Effect” by Phil Rosenzweig.
- "The real story behind Honda's success." Pascale
- "Dynasties" David Landes

Course Experience Survey (CES)
I value your feedback on this course. Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future. When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to [http://ces.uvic.ca](http://ces.uvic.ca). You will need to use your U Vic NetLink ID to access the survey, which can be done on your laptop, tablet or mobile device. I will remind you nearer the time, but please be thinking about this important activity, especially the following three questions, during the course. (1) What strengths did your instructor demonstrate that helped you learn in this course? (2) Please provide specific suggestions as to how the instructor could have helped you learn more effectively. (3) Please provide specific suggestions as to how this course could be improved.
Policies
This course adheres to the Undergraduate Course Policies of the Department of Economics that deal with the following issues:

- Academic integrity (plagiarism and cheating)
- Attendance
- Grading
- Academic concessions
- Travel plans
- Students with a disability
- Policy on inclusivity and diversity

Examinations
Attendance at all scheduled examinations is mandatory. Consideration for missed examinations will be given only on the basis of documented illness, accident or family affliction, and for no other reasons. In the event of a missed final examination, students are advised to follow the procedures outlined in the University Calendar: University Examination Policies. Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. There will be no special accommodation if travel plans conflict with the examination.

Classroom Etiquette
Behave politely and professionally. Do not disturb or distract your fellow students or the instructor.

Academic Integrity
Please browse What is Plagiarism for the definition of plagiarism.

Language
English is the language of instruction at the University and for all aspects of this course. Dictionaries are not allowed in examinations.

E-mail
You may contact me at my U Vic email address. Please include both your legal name (the name in the university records) and course title in the subject of your email.