

FLORIDA ATLANTIC UNIVERSITY™

Graduate Programs—NEW COURSE PROPOSAL¹

UGPC APPROVAL _____
 UFS APPROVAL _____
 SCNS SUBMITTAL _____
 CONFIRMED _____
 BANNER POSTED _____
 CATALOG _____

DEPARTMENT: ECONOMICS

COLLEGE: COLLEGE OF BUSINESS

RECOMMENDED COURSE IDENTIFICATION (TO OBTAIN A COURSE NUMBER, CONTACT ERUDOLPH@FAU.EDU)

PREFIX ECO COURSE NUMBER 7181 LAB CODE (IF APPROPRIATE, L OR C) _____

L = LAB COURSE; C = COMBINED LECTURE/LAB

COMPLETE COURSE TITLE: MICROECONOMIC FOUNDATIONS OF STRATEGIC DECISION-MAKING

EFFECTIVE DATE

(first term course will be offered)

SPRING 2018

CREDITS²

3

TEXTBOOK INFORMATION:

D. DRANOVE, D. BESANKO, M. SHANLEY, M. SCHAEFER, ECONOMICS OF STRATEGY, 7TH EDITION, 2016 (JOHN WILEY & SONS, INC.)

GRADING (SELECT ONLY ONE GRADING OPTION): REGULAR X SATISFACTORY/UNSATISFACTORY _____

COURSE DESCRIPTION, NO MORE THAN THREE LINES:

THIS COURSE TEACHES ANALYSIS OF STRATEGIC DECISIONS. THE PRIMARY EMPHASIS IS ON DECISIONS AT THE LINE OF BUSINESS LEVEL, ALTHOUGH WE WILL ALSO CONSIDER STRATEGY AT THE CORPORATE LEVEL. THE PRIMARY ANALYTICAL METHOD IS ECONOMICS.

PREREQUISITES*

PERMISSION OF PROGRAM DIRECTOR

COREQUISITES*

NONE

REGISTRATION CONTROLS (MAJOR, COLLEGE, LEVEL)*

OPEN TO GRADUATE STUDENTS ADMITTED TO THE COLLEGE OF BUSINESS EXECUTIVE PH.D. PROGRAM

* PREREQUISITES, COREQUISITES AND REGISTRATION CONTROLS WILL BE ENFORCED FOR ALL COURSE SECTIONS.

MINIMUM QUALIFICATIONS NEEDED TO TEACH THIS COURSE:

MEMBER OF THE GRADUATE FACULTY OF FAU AND HAS A TERMINAL DEGREE IN THE SUBJECT AREA (OR A CLOSELY RELATED FIELD).

Faculty contact, email and complete phone number:

Dr. Steven B. Caudill
scaudill@fau.edu
 561-297-2617

Please consult and list departments that might be affected by the new course and attach comments.³

None

Approved by:

Department Chair: Steven B. Caudill

College Curriculum Chair: Wm R McDaniel

College Dean: Ken H. [Signature]

UGPC Chair: _____

Graduate College Dean: _____

UFS President: _____

Provost: _____

Date:

8-31-2016

10-20-2017

10-17-2017

1. Syllabus must be attached; see guidelines for requirements: www.fau.edu/provost/files/course_syllabus.2011.pdf

2. Review Provost Memorandum: **Definition of a Credit Hour** www.fau.edu/provost/files/Definition_Credit_Hour_Memo_2012.pdf

3. Consent from affected departments (attach if necessary)

Email this form and syllabus to UGPC@fau.edu one week before the University Graduate Programs Committee meeting.

FAUnewsercGrad—Revised March 2016

GRADUATE COLLEGE

NOV 17 2017

Received

**Department of Economics
College of Business, Executive Programs
Florida Atlantic University
Course Syllabus**

1. Course title/number, number of credit hours	
Course Number and Title Microeconomic Foundations of Strategic Decision-Making ECO7181	# of credit hours 3
2. Course prerequisites, co-requisites, and where the course fits in the program of study	
Permission of Program Director	
3. Course logistics	
TBA	
4. Instructor contact information	
Instructor's name Office address Office Hours Contact telephone number Email address	Dr. Steven B Caudill KH 141A TBA 561-297-2617 scaudill@fau.edu
5. TA contact information	
TA's name Office address Office Hours Contact telephone number Email address	TBA
6. Course description	
<i>This course teaches analysis of strategic decisions facing an organization. The primary emphasis is on decisions at the line of business level, although we will also consider strategy at the corporate level. The primary analytical method is economics.</i>	
7. Course objectives/student learning outcomes/program outcomes	
Course objectives	<i>Students should understand and be able to apply microeconomic theory to business decisions.</i>
8. Course evaluation method	
Midterm Exam: 30% Assignments: 20% Final Exam: 30% Final Project: 20%	
9. Course grading scale	
A (course average ≥ 93), A- (90 \leq course average < 93) B+ (90 $>$ course average ≥ 87), B (87 $>$ course average ≥ 83), B- (83 $>$ course average ≥ 80) C+ (80 $>$ course average ≥ 77), C (77 $>$ course average ≥ 73), C- (73 $>$ course average ≥ 70) D+ (70 $>$ course average ≥ 67), D (67 $>$ course average ≥ 63), D- (63 $>$ course average ≥ 60) F (course average < 60)	

GRADUATE COLLEGE

NOV 17 2017

Received

**Department of Economics
College of Business, Executive Programs
Florida Atlantic University
Course Syllabus**

10. Policy on makeup tests, late work, and incompletes
<i>Make-ups are given provided the student has a university-approved excuse for the absence.</i>
11. Special course requirements
None
12. Classroom etiquette policy
University policy requires that in order to enhance and maintain a productive atmosphere for education, personal communication devices, such as cellular phones and laptops, are to be disabled in class sessions.
13. Disability policy statement
In compliance with the Americans with Disabilities Act (ADA), students who require special accommodations due to a disability to properly execute coursework must register with the Office for Students Accessibility Services (SAS) located in Boca Raton campus, SU 133 (561) 297-3880 and follow all SAS procedures.
14. Honor code policy
Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and place high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. See University Regulation 4.001 at www.fau.edu/regulations/chapter4/4.001_Code_of_Academic_Integrity.pdf
15. Required texts/reading:
D. DRANOVE, D. BESANKO, M. SHANLEY, M. SCHAEFER, <u>ECONOMICS OF STRATEGY</u> , 7 TH EDITION, 2016 (JOHN WILEY & SONS)
CASES AND JOURNAL ARTICLES ASSIGNED BY TOPIC IN CLASS
16. Supplementary/recommended readings
17. Course topical outline, including dates for exams/quizzes, papers, completion of reading
Week 1: Capabilities and Industry Analysis; Position and Differentiation
Week 2: First-Mover Advantage and Sustainability; Quality Competition and Strategic Positioning
Week 3: Oligopoly and the Dynamics of Pricing Rivalry; Strategic Substitutes and Complements
Week 4: Capacity Competition; Price Competition; Competition and Financial Condition
Week 5: Consolidation and Market Structure; Fragmentation and Market Structure
Week 6: Midterm Exam; Entry; Commitment and Wars of Attrition
Week 7: Signaling and Reputation; Vertical Boundaries of the Firm
Week 8: Horizontal Scope and Diversification; U.S. Antitrust Law
Week 9: Merger Policy; Innovation and Complementary Assets
Week 10: Innovation and Learning by Doing; Network Effects
Week 11: Strategy in a Non-profit Setting
Week 12: Final Exam

**Department of Economics
College of Business, Executive Programs
Florida Atlantic University
Course Syllabus**

References

- Noh, Yong-Hwan, and Giancarlo Moschini. 2006. "Vertical Product Differentiation, Entry-Deterrence Strategies, and Entry Qualities." *Review of Industrial Organization* 29, no. 3: 227-252.
- Thomas, Janet M. 1989. "An Empirical Investigation of Product Differentiation and Pricing Strategy: An Application to the Household Goods Motor Carrier Industry." *Southern Economic Journal* 56, no. 1: 64-79.
- Yuan, Lasheng. 1999. "Product Differentiation, Strategic Divisionalization, and Persistence of Monopoly." *Journal of Economics and Management Strategy* 8, no. 4: 581-602.
- Barnett, William P., Mi Feng, and Xaiqu Luo. 2013. "Social Identity, Market Memory, and First-Mover Advantage." *Industrial and Corporate Change* 22, no. 3: 585-615.
- Rasmusen, Eric, and Young-Ro Yoon. 2012. "First versus Second Mover Advantage with Information Asymmetry about the Profitability of New Markets." *Journal of Industrial Economics* 60, no. 3: 374-405.
- Aoki, Reiko. 1998. "Strategic Complements with First Mover Advantage." *Metroeconomica* 49, no. 3: 284-299.
- Jost, Peter-J., Stefanie Schubert, and Miriam Zschoche. 2015. "Incumbent Positioning as a Determinant of Strategic Response to Entry." *Small Business Economics* 44, no. 3: 577-596.
- Prinz, Aloys, Jan Piening, and Thomas Ehrmann. 2015. "The Success of Art Galleries: A Dynamic Model with Competition and Information Effects." *Journal of Cultural Economics* 39, no. 2: 153-176.
- Doganoglu, Toker. 2010. "Switching Costs, Experience Goods and Dynamic Price Competition." *Quantitative Marketing and Economics* 8, no. 2: 167-205.
- Dai, Mian, and Xun Tang. 2015. "Regulation and Capacity Competition in Health Care: Evidence from U.S. Dialysis Markets." *Review of Economics and Statistics* 97, no. 5: 965-982.
- Thornton, Jeremy P., and William H. Belski. 2010. "Financial Reporting Quality and Price Competition among Nonprofit Firms." *Applied Economics* 42, no. 19-21: 2699-2713.
- Heyes, Anthony, and Steve Martin. 2016. "Fuzzy Products." *International Journal of Industrial Organization* 45, 1-9.

**Department of Economics
College of Business, Executive Programs
Florida Atlantic University
Course Syllabus**

Polemis, Michael L. 2012. "Competition and Price Asymmetries in the Greek Oil Sector: An Empirical Analysis on Gasoline Market." *Empirical Economics* 43, no. 2: 789-817.

Adams, Robert M., and Dean F. Amel. 2016. "The Effects of Past Entry, Market Consolidation, and Expansion by Incumbents on the Probability of Entry in Banking." *Review of Industrial Organization* 48, no. 1: 95-118.

Titilayo, Bashorun Oladipo, and Ojapinwa Taiwo Victor. 2014. "Bank Consolidation and Market Structure in Nigeria: Application of the Herfindahl-Hirschman Index." *International Journal of Economics and Finance* 6, no. 2: 235-243.

Dunne, Timothy, Shawn D. Klimek, Mark J. Roberts, and Daniel Yi Xu. 2013. "Entry, Exit, and the Determinants of Market Structure." *RAND Journal of Economics* 44, no. 3: 462-487.

Takahashi, Yuya. "Estimating a War of Attrition: The Case of the US Movie Theater Industry." *American Economic Review* 105, no. 7 (July 2015): 2204-2241.

Granero, Luis M. 2005. "Upward and Downward Limit Pricing: The Role of Post-entry Competition." *B.E. Journal of Theoretical Economics: Topics in Theoretical Economics* 5, no. 1: 1-25.

Pieri, Fabio, and Enrico Zaninotto. 2013. "Technical Efficiency and the Vertical Boundaries of the Firm: Theory and Evidence." *Applied Economics Letters* 20, no. 16-18: 1538-1543.

Lahovnik, Matej, and Lidija Breznik. 2014. "Technological Innovation Capabilities as a Source of Competitive Advantage: A Case Study from the Home Appliance Industry." *Transformations in Business and Economics* 13, no. 2: 144-160.

M'Chirgui, Zouhaier. 2015. "Determinants of Success in Setting Standards Coalition: Empirical Evidence from the Standard War of the Blue Laser DVDs." *Applied Economics Letters* 22, no. 1-3: 20-24.

Aligica, Paul Dragos. "Addressing Limits to Mainstream Economic Analysis of Voluntary and Nonprofit Organizations: The 'Austrian' Alternative." *Nonprofit and Voluntary Sector Quarterly* 44, no. 5 (October 2015): 1026-1040.