This Ph.D. course is required of first-year Strategy doctoral students and upon approval of your
doctoral group would serve as one of three courses for a Strategy minor for doctoral students in
Information Systems, Management Science/Process Management, Marketing, Organization
Behavior & Organization Theory, as well as for doctoral students in Agricultural Economics, and
Industrial Organization Economics.

After a brief summary of the Industrial Organization Economics literature (from the Scherer and
Ross book), the course will proceed along the lines of my book: Economic Foundations of
Strategy.

- Behavioral Theory of the Firm
- Transaction Costs Theory
- Property Rights Theory
- Agency Theory
- Resource-Based Theory, Dynamic Capabilities and Options

Note that we will only briefly discuss the Behavioral Theory of the Firm because this material
will be studied extensively in the foundational doctoral seminar on the behavioral theory of
Strategy.

The schedule for the semester consists of two half-unit courses:

Section A1: (January 18 -- March 11)
Section A2: (March 14 – May 4)
Section A1:  
(January 18 – March 11)

Session #1:  January 19  Course Introduction
Session #2:  January 26  Industrial Organization Economics and Strategy
Session #3:  February 2  Game Theory and Strategy
Session #4:  February 9  Behavioral Theory of the Firm
Session #5:  February 16  Transaction Costs Theory
Session #6:  February 23  Transaction Costs Theory
          Case Assignment: PepsiCo Restaurants
Session #7:  March 2   Transaction Costs Theory: Vertical Integration Strategy
          Case Assignment: Viacom
Session #8:  March 9   Exam: 9AM – Noon

Section A2:  
(March 15 – May 4)

Session #1:  March 16  Property Rights Theory
Session #2:  March 30  Property Rights Theory
Session #3:  April 6   Agency Theory
Session #4:  April 13  Agency Theory
          Case Assignment: Andersen v. Andersen
Session #5:  April 20  Resource-based Theory
Session #6:  April 27  Dynamic Capabilities: Empirical Tests
          Case Assignment: Wal-mart
Session #7:  May 4    Real-options Theory and Dynamic Capabilities
          Case Assignment: Nucor
Session #8:    FINAL EXAM during Finals Week

Course Grade for Each Section:

Preparation and Contributions in Class: 20%
Case Assignments: 20%
Exam: 60%

[Note: The Porter (1996) reading and the five Harvard Business School Cases: (1) PepsiCo Restaurants; (2) Viacom Incorporated; (3) Family Feud: Andersen v. Andersen; (4) Wal-mart Stores, Inc.; and (5) Nucor at a Crossroads can be found in the “BADM 546 College Course Pak,” which is available only at the T.I.S. Campus Bookstore.]
I. Industrial Organization


II. Behavioral Theory of the Firm (in Behavioral Foundations of Strategy)


Barnard, Chester I. (1938). The Functions of the Executive. Cambridge, MA: Harvard University Press. (See power point notes)


III. Transaction Costs Theory

Theory:


1 * = Required reading.


**Application: Multidivisionals**


**Application: Vertical Integration:**


IV. Property Rights Theory


V. Agency Theory


VI Resource-based Theory/Dynamic Capabilities Theory and Real Options

Resource-Based/Dynamic Capabilities Theory


**Real Options:**


