Course Outline

RSM 3003
Course Name: Strategy and Economics
Fall 2015
Course Meets: 9am – 12pm, Fridays, Rotman School of Management 7024

Instructor: Professor Joshua Gans, Room 7040
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Phone (Fax): 416.978.3243
Office Hours: by appointment

Course Scope and Mission
The course emphasizes both seminal research and recent developments in the application of economics to strategic management. We will explore theoretical analyses and empirical studies that address fundamental questions in strategy research: What are the sources of differential firm performance? What are the appropriate boundaries of the firm? What drives innovation in industries? How does market design relate to strategic management?

The overarching objectives of the course are:

- To be able to model phenomenon in an empirically relevant manner;
- To explore the theoretical foundations of alternative models of strategic management;
- To integrate lines of thought across strategic management, the economics of innovation, the theory of the firm and organizational economics.

Required Texts
There is no required text for this course. We will however rely heavily - though not exclusively - on a new (2009) reader developed and distributed by the Strategy Research Initiative, an informal organization of mid-career strategy scholars to which several Rotman faculty members belong. You can find the reader online at http://strategyresearch.net/strategy_reader.

Evaluation and Grades
Grades are based on the following

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Presentations (2)</td>
<td>50%</td>
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<tr>
<td>Participation</td>
<td>10%</td>
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<tr>
<td>Term Paper</td>
<td>40%</td>
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Lectures and Reading List

1. Introduction to Bargaining


2. Theory of the Firm


3. Relational Contracting

Gibbons and Henderson

4. Competition and Innovation


5. Disruption


5. Bargaining and Market Competition


7. Drivers of Vertical Integration

8. Entrepreneurial Strategy
Shane, S.
Teece, D.

9. Market Design
Roth, A.E. (2008), "What have we learned from market design?" Hahn Lecture, Economic Journal, 118 (March), 285-310.

10. Two-Sided Markets

11. Platform Competition

12. Recap
<table>
<thead>
<tr>
<th>Date</th>
<th>Lecture Topic</th>
<th>Presentation Paper</th>
<th>Reading Paper</th>
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<tbody>
<tr>
<td>18th September</td>
<td>Bargaining</td>
<td>na</td>
<td>na</td>
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<tr>
<td>2nd October</td>
<td>Relational Contracting</td>
<td>Forbes &amp; Lederman, 2009</td>
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<tr>
<td>9th October</td>
<td>Competition &amp; Innovation</td>
<td>Segal and Whinston</td>
<td>Gibbons &amp; Henderson, 2012</td>
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<td>16th October</td>
<td>Disruption</td>
<td>Henderson 1995</td>
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<td>23rd October</td>
<td>Bargaining &amp; Market Competition</td>
<td>Grennan 2014</td>
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<td>30th October</td>
<td>Vertical Integration</td>
<td>Marx, Gans, Hsu 2015</td>
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<td>6th November</td>
<td>Entrepreneurial Strategy</td>
<td>Rajan 2012</td>
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<td>8th November</td>
<td>Market Design</td>
<td>Van den Steen 2012</td>
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<td>13th November</td>
<td>Two-Sided Markets</td>
<td>Einav et al 2013</td>
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<td>20th November</td>
<td>Platform Competition</td>
<td>Haigu and Wright</td>
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<td>29th November</td>
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<td>No class</td>
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<tr>
<td>4th December</td>
<td>Recap</td>
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