

University of Arkansas
Department of Agricultural Economics and Agribusiness

AGEC 5413: Agribusiness Strategy
Spring 2017

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Office Hours: By appointment Tuesdays & Thursdays 3:30 – 4:30

Course Objectives:

1. Develop and apply economic logic to firm level problems, especially problems of firm organization and strategy, including vertical/horizontal integration and pricing policies.
2. Learn to synthesize data and information from a variety of sources to analyze agricultural industries and develop recommendations for firms within these industries.
3. Refine and practice written communications skills, which are essential for success in agribusiness.

Course Materials:

1. Most course materials will be distributed through the Blackboard page.
2. Some course materials may be made available to you as R shiny apps and or/in R markdown language. This will require access to R and R Studio on your personal computer or in a computer lab. R and R Studio are free and open-source software packages.
3. There is no required text book for this course. Students interested in a supplemental textbook should consider the following: Besanko, David; David Dranove, Scott Schaefer, and Mark Shanley. *Economics of Strategy*. John Wiley & Sons.

I will have several copies of this (various editions) on reserve in the Mullin's library.

4. Academic journal articles and other readings available through the UA Libraries will be assigned throughout the semester.

Policies:

Grading: Grades will be based on your reading summaries and other assignments (20%), your term paper (20%), one mid-semester examination (30%), and the final examination (30%). The following table shows letter grades corresponding to total percentage levels. Depending on distribution of final scores, the instructor may adjust grade breakpoints downwards (in the students' favor).

Letter Grade	Your Percentage
A	93 – 100
A-	85 – 92
B+	80 – 84
B	75 – 79
B-	70 – 74
C+	67 – 69
C	63 – 66
C-	60 – 62
D+	57 – 59
D	53 – 56
D-	50 – 52
F	Below 50

Class Attendance: Students are encouraged to attend class. You will learn important material better through active participation. In the past, there has been a very clear and positive correlation between attendance and exam scores.

Acceptance of your Work: You are expected to bring hard copies of homework assignments to class on the day they are due. Any work prepared for this course is expected to be completed neatly and professionally. This means that in most cases, homework assignments should be typed, and information should be presented neatly in professional looking tables, diagrams, or figures. **You should not submit work via email unless specifically requested to do so.**

Late Work: An assignment must be turned in no later than the beginning of class on the day it is due. Otherwise, it will be considered late. Credit for late homework assignments will be reduced by 30 percent. **NO WORK WILL BE ACCEPTED AFTER THE FINAL EXAMINATION.**

Academic Integrity:

The University language on academic integrity is as follows: “As a core part of its mission, the University of Arkansas provides students with the opportunity to further their educational goals through programs of study and research in an environment that promotes freedom of inquiry and academic responsibility. Accomplishing this mission is only possible when intellectual honesty and individual integrity prevail.”

Each of you is required to be familiar with and abide by the University’s Academic Integrity Policy, which can be found at <http://provost.uark.edu>. Contact me if there are questions about how this policy applies to this course.

Unless directions provided on assigned work specifically state otherwise, all work for this course should be completed independently. Quizzes or exams taken during class time must be

completed independently and are to be written without the the use of study aids, prompts, and personal electronic devices.

Prohibition on phones, PDAs, and personal calculators during quizzes and exams:

A phone, PDA, or personal calculator may not be used during an in-class quiz or exam. Use of any of these devices will be considered a violation of the academic integrity standards of this course. The only personal items that you can use during an in-class quiz or exam are a pencil or pen and an eraser. If I determine that a calculator is needed on a specific quiz or exam, I will provide one for your use.

Email:

Email is the preferred method of correspondence for the course. As a general rule, I will only send correspondence to your official uark.edu account.

While the best way to reach me is via email, email should not be used to submit the materials you prepare to fulfill requirements for the course. If required, turn these in hard copy unless I specifically indicate otherwise.

Students in Need of Accommodation:

If you want to request reasonable accommodations for this class due to a disability, you must first register with the Center for Educational Access (CEA) and hand-deliver an official accommodation letter from the CEA to me after class or during office hours.

Inclement weather:

Class will be canceled whenever University offices are officially closed as a result of bad weather.

EMERGENCY PROCEDURES: (Included at Specific Request of UA Provost's Office)

Many types of emergencies can occur on campus; instructions for specific emergencies such as severe weather, active shooter, or fire can be found at emergency.uark.edu.

Severe Weather (Tornado Warning):

1. Follow the directions of the instructor or emergency personnel
2. Seek shelter in the basement or interior room or hallway on the lowest floor, putting as many walls as possible between you and the outside
3. If you are in a multi-story building, and you cannot get to the lowest floor, pick a hallway in the center of the building
4. Stay in the center of the room, away from exterior walls, windows, and doors

Violence / Active Shooter (CADD):

CALL- 9-1-1

AVOID- If possible, self-evacuate to a safe area outside the building. Follow directions of police officers.

DENY- Barricade the door with desk, chairs, bookcases or any items. Move to a place inside the room where you are not visible. Turn off the lights and remain quiet. Remain there until told by police it's safe.

DEFEND- Use chairs, desks, cell phones or whatever is immediately available to distract and/or defend yourself and others from attack.

Course Overview

The course is divided into two main parts. After providing background in game theory and micro-economics, we will spend much of the first part of the course analyzing strategic decisions within environments of imperfect competition. In analyzing these decisions, we focus on identifying competitors, game-theory models of imperfect competition, strategic commitments, and competitive interactions over time. The first part of the course concludes with an exploration of entry and exit decisions and the effect that potential entrants have on the performance of an industry. The mid-semester exam will cover topics addressed up to this point.

The second half of the class is divided into two parts. We first explore organizational issues that affect the size and scope of the firm. Main topics include vertical and horizontal integration. Our exploration of these topics is based largely on transactions costs economics and agency theory. Secondly, we cover modern ideas in the field of business strategy relating to competitive advantage, the sources of competitive advantage, and the ability of firms to sustain competitive advantage over time. We may also cover additional current topics in strategy or organizational economics provided time permits. During the second half of the semester there are typically fewer problem-based homework assignments and more emphasis on outside readings and a term paper/project. The final examination is over material covered during the second half of the course.

Schedule of Topics*

Week	Topic(s)	Dates of importance
16-Jan	Simple Optimization Game Theory	
23-Jan	Game Theory & Microeconomics Review	
30-Jan	Competition	
06-Feb	Competition Commitments	
13-Feb	Commitments Dynamic Competition	
20-Feb	Dynamic Competition Entry and Exit	
27-Feb	Entry and Exit	
06-Mar	Industry Analysis	
13-Mar	Agency and Coordination	Spring Break, Mar 20-24
20-Mar	Spring Break (No Class)	
27-Mar	Agency and Coordination Vertical Organization	
03-Apr	Vertical Organization / Diversification	
10-Apr	Competitive Advantage	
17-Apr	Competitive Advantage	
24-Apr	Strategy, Structure & Organization	
01-May	Strategy, Structure & Organization	Dead Day, May 5

FINAL EXAM IS MAY 9TH FROM 12:45 PM TO 2:45 PM

*Midterm and final exam dates are not subject to change. Dates on which specific topics are covered are tentative and subject to change depending on the discretion of the instructor and overall progress of the course.