

University of Arkansas
Department of Agricultural Economics and Agribusiness

AGEC 5413: Agribusiness Strategy
Spring 2020

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Office Hours: By appointment Mondays 1:00-2:40

Course Description: Addresses problems of strategy formulation in agribusiness emphasizing current problems and cases in agriculture. Surveys modern and classic perspectives on strategy with applications to agribusiness. Examines the development of firm level strategies within the structure and competitive environment of agricultural firms and industries.

Learning Outcomes:

1. Apply economic logic to better address firm level problems, especially problems of firm organization and strategy, including vertical/horizontal integration.
2. Develop the ability to think strategically, evaluate strategic commitments, and understand the role of strategic commitments achieving long-term objectives.
3. Identify sources of superior value creation that lead to sustainable competitive advantage.

Course Materials:

1. The text book for this course is: Besanko D., D. Dranove, M. Shanley and S. Schaefer. 2016. *Economics of Strategy*. 7th Ed. John Wiley & Sons. This will be available through the University Bookstore and is also available from online retailers. I will place several copies of this text (various editions) on reserve in the Mullin's library.
2. Visit the course Blackboard page for assigned supplemental readings Academic journal articles and other readings available through the UA Libraries will be assigned throughout the semester.

Policies:

Grading: Grades will be based on in-class activities (10%), your term paper (20%), two mid-semester examination (40%), 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).

<u>Letter Grade</u>	<u>Percent Threshold</u>
A	90%
B	80%
C	70%
D	60%
F	Below 60%

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: Submit your work in hard copy on the day it is due. You should not submit work via email unless specifically requested to do so.

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 <https://honesty.uark.edu/>. Contact me if there are questions about how this policy applies to this course. Below are some academic integrity guidelines specific to this course:

- Unless directions provided on assigned work specifically state otherwise, all work for this course should be completed independently.
- Exams are to be completed independently and are to be written without the use of study aids, prompts, and personal electronic devices. The only personal items that you can use during an exam are a pencil or pen and an eraser. If I determine that a calculator is needed, I will provide one for your use.
- Turning in an in-class assignment or activity for a person other than yourself will be considered a violation of academic integrity.

Email: Email is the preferred method of correspondence for the course. Any correspondence I initiate will be sent to your official uark.edu address. I prefer that you use your uark.edu account when initiating correspondence with me as well. In the event I do not respond to you within 24 hours of your email message, you are welcome and encouraged to send me a follow-up message.

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

Students with disabilities: If you want to request reasonable accommodations for this class, you must first register with the Center for Educational Access (CEA). This office will provide me with information about the accommodations you need to succeed in the course.

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 the 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

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 remainder of the course 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.

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Course Outline and Tentative Schedule*

Week	Topic	Dates of importance
13-Jan	Game Theory	<ul style="list-style-type: none"> • Martin Luther King Day is Monday, January 20. • Midterm 1 is Wednesday, February 12. • Midterm 2 is Wednesday, March 18 • Spring Break is March 23-27. • Dead day is Friday, May 1. • The final exam will be at its officially scheduled date and time, which is May 6, 2020 at 7:45 PM. <p>See the official Academic Semester Calendar for drop deadlines etc.</p>
20-Jan	Game Theory & Profit Maximization	
27-Jan	Competition	
03-Feb	Competition Commitments	
10-Feb	Commitments Dynamic Competition	
17-Feb	Dynamic Competition Entry and Exit	
24-Feb	Entry and Exit	
02-Mar	Industry Analysis	
09-Mar	Agency and Coordination	
16-Mar	Spring Break (No Class)	
23-Mar	Agency and Coordination Vertical Organization	
30-Mar	Vertical Organization / Diversification	
06-Apr	Competitive Advantage	
13-Apr	Competitive Advantage	
20-Apr	Strategy, Structure & Organization	
27-Apr	Strategy, Structure & Organization	

THE FINAL EXAM IS MAY 6, 2020 AT 7:45 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 class.