

MGT-460

Non-Market competition and risk governance

Oye Kenneth Akito

Cursus	Sem.	Type
Managmt, tech et entr.	MA2, MA4	Opt.

Language of teaching	English
Credits	2
Session	Summer
Semester	Spring
Exam	During the semester
Workload	60h
Weeks	14
Hours	2 weekly
Courses	1.5 weekly
Number of positions	

Summary

This course treats the theory and practice of non-market strategies. Public policies on security, environment, health and safety affect the competitive position of private firms. Cases from pharma, IT, synbio, food and transportation sectors will be considered.

Content

Firms and nations may improve their competitive position through “non-market strategies.” Technical standards and regulations designed to address security, safety, health and environmental risks may degrade or enhance the performance of firms relative to competitors within and across market segments. Nations may also design regulations to provide competitive advantages for their firms and/or to attract investment within their boundaries at the expense of other nations.

Week 1: To provide a framework for understanding non-market strategies of firms, the course will focus on the works of Baron and Stigler with secondary attention to Schmalensee, Ostrom, Milgrom and Roberts. To provide a framework for understanding regulatory competition among nations, the course will focus on the works of Tiebout and Murphy and the concept of asset specificity, with a critical appraisal of popular debates over the incidence and effects of competitions-in-laxity.

Week 2-6: The heart of the course will consider exemplary cases and cautionary tales from Europe, North America and Asia, beginning with retrospective cases and moving to evolving current cases.

- Finance and Insurance: Inter-state and inter-national variation in regulations governing incorporation, banking and insurance with attention to effects on location of investments and conduct of banks and insurers.
- Food fights: Differential effects of food safety and quality standards on firms and on production locations. Examples will include German beer purity, French appellations for wines, US regulations on raw cheeses, US, EU and Japanese BSE testing regimes, and US and European transfats standards.
- Vehicle emissions standards and testing: EU and US EPA standards for nitrogen oxide and particulate emissions, with consideration of the recent VW light duty vehicle diesel case and the 1998 heavy duty vehicle diesel case.
- Pharmaceuticals licensing: EMA and FDA licensing systems, with differential effects on the interests of large and small pharmaceutical firms, insurers and health care providers and on the location of R&D and manufacturing.
- Internet privacy and security: National standards governing data privacy, ownership and security, with differential effects on platforms, service providers and data users in the US, Europe, Korea, Japan and China and on national rivalries for supremacy in these sectors.
- Synthetic biology safeguards: National standards for governing security and environmental risks biological engineering, with attention to differential effects on firms and on international competition for dominance in biotechnology among the US, Europe, Japan and China.

Week 7: The course will conclude with comparative analysis of sectors and discussion of ethical issues associated with the use of non-market strategies and of how violation of ethical standards often rebounds to the detriment of firms and nations.

Keywords

Non-market competition, environmental, health and safety regulation, competition in laxity, asset specificity

Learning Prerequisites

Important concepts to start the course

Regulatory capture, collective action, competition in laxity, asset specificity.

Learning Outcomes

By the end of the course, the student must be able to:

- Apply theories and knowledge of historical cases to develop firm level and national level strategies

Teaching methods

Mixture of lecture and case based seminar discussion.

Expected student activities

Critical reading and active participation in case development.

Assessment methods

1. Short oral presentations each week on specific questions or cases distributed in advance (50% of the grade)
2. Final Exam: Short essay and long essay. Distribution of long essay questions in advance with open book collaborative preparation. Exam closed book with mixture of long essay questions selected from the pool and short essay questions not distributed in advance (50% of the grade)

Supervision

Assistants No