MGMT FE 206
Business & Government
Syllabus

Course Overview:
Most MBA courses emphasize strategies for improving performance in market arenas. MGMT 206 is a course designed to introduce students to the many non-market issues that affect today’s managers, with a particular emphasis on understanding how and why governments intervene in competitive markets. Topics to be covered include: environmental protection, health and safety, regulation, intellectual property protection, antitrust, lobbying, and political institutions. As such, this course provides an important complement to other courses in economics, management, and strategy. We will take an interdisciplinary approach that draws from traditions in economics, political science, philosophy, public policy, and law.

The course will be conducted using a lecture format with integrated case discussions. A typical class section will contain a lecture that addresses a theoretical approach or conceptual tool and provides a setting for the material being discussed. The class session will also involve discussion of one or more cases that serve as vehicles for application of the material. These cases involve issues of how actors in the private sector (e.g. firms, managers) interact with nonmarket forces, such as the media, public interest groups, regulatory agencies, lobbyists, and a variety of other governmental and non-governmental organizations.

Because the issues presented in this course are complex and constantly changing, it is important to maintain consistent conceptual frameworks through which we can analyze not only the cases at hand but also new problems that may arise when making public policy or private sector decisions. The cases are used to clarify how these tools are applied by political strategists, public officials, and private sector leaders.

Course Requirements:
The course requirements are: attendance at all class meetings, mastery of the content of the readings, constructive contributions to class discussions, written assignments, a midterm, and a final exam.

Time/Place:
Mondays 7-9:50pm, MPAA 130.

Professor Carpenter’s Office Hours:
Mondays 6-6:50 pm in 428 SB, and by appointment: kittc@uci.edu. Sending a brief email if you plan to stop by would be useful, but it is not required.

Teaching Assistant:
Kristoffer Jackson (kristofj@uci.edu). Please contact the professor (not the TA) with any/all course questions.

Prerequisite:
Microeconomics for Management
Course Grading:
Grades will be assigned a weighted average of several components: class participation and two case write-ups (15%), a 1500-2000 word paper (5-7 double spaced pages) (25%), a midterm (30%), and a comprehensive final exam (30%).

The class participation component will weigh attendance and student contributions to lecture and case discussion (see “Participation in Class Discussions” below).

The case write-ups should be 1-2 page (single-spaced) analyses that provide a short synopsis of the key nonmarket issues in the case; an analysis of the 4 I’s; a nonmarket issue lifecycle analysis; brief answers to the end-of-case questions; and a recommended nonmarket strategy. Case write-ups will not be returned. They will be graded on a check plus/check/check minus scale. The case write-ups are primarily for the student’s own benefit to prepare for participation in the class discussion of the case. Students turning in write-ups for the cases discussed on that day should expect a *very* high likelihood of being called on (i.e. it would be good to do some “extra” research to provide updates on key developments to the case, go beyond what’s in the text, etc.). Students may work with one other student on the case write-ups and should only turn in one write-up per group.

The midterm and final exam will be written in class on November 5 and December 10, respectively. Make sure to bring your laptop and your student ID# on these two days. Please do not take this class this quarter if you cannot be in class on both of these dates, as there will be no make-up exams.

No late work will be accepted unless previously arranged with Professor Carpenter. Such arrangements require well-substantiated and sound reasons, and will result in progressively lowered grades depending on how late the work is finally produced. In short, be sure to turn in everything on time and do not miss exams.

All students are assumed to have done the reading before class, and all students should expect to be called on regularly without notice. The exams will assume that students have done the readings, even if they have not been directly discussed in class.

Dishonest practices on the examinations, on assignments, or in the course generally are unacceptable. All work is to be the student’s own except where noted. There will be no collaboration on exams. Any suspected cases of dishonesty will be reported to the university committee on academic misconduct and handled according to university policy.
Participation in Case Discussions:
A student’s engagement in the course and in the class discussions is essential for individual and collective learning. The quality of a student’s participation is at least as important as the quantity, and the following points characterize effective participation:

1. Do comments draw on the text and materials from this and other courses? Do they show evidence of analysis? Are the facts in the case utilized and combined with the concepts?
2. Does the student distinguish between positive and normative analysis? Does the student distinguish between opinion and well-supported analysis? Does the student distinguish between comments based on his or her own tastes and those reflecting what management would actually do in the situation in the case?
3. Are the points made substantive? Are they linked to the comments of others? Do they advance the analysis of the case? Do they deepen the analysis?
4. Do comments clarify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being considered? Is there an attempt to synthesize the discussion?
5. Is the student creative in providing analysis and offering ideas that go beyond the commonplace?

Course Materials:
The course materials include the required text Business and Its Environment (BIE), 6th Edition, Prentice-Hall, 2010, by David P. Baron, and a variety of notes presented throughout the quarter in class. The book was written specifically for this type of course and has been adopted by a number of academic departments and business schools, including Stanford GSB, Haas, Wharton, and Kellogg. It is broad in its outlook and in the range of topics covered, and it is structured around a flexible but consistent framework. Note that we are using the 6th edition due to choice of cases; older and newer editions are not sufficient.

Other Relevant Policies:
No open laptops during lecture. Feel free to use laptops during the breaks. Also, please no texting or other cellphone use during class. If you need to take a call or check your email, please do so outside the classroom or at break.

Students should bring and display name placards to each class.

If possible, please let me know in advance if you will miss class. A brief email will suffice.

If you are sick (e.g., flu), please do not come to class.
Abbreviated Course Outline:
(ADM=analytic decision making focus; IT=information technology focus; SI=strategic innovation focus; SUS=sustainability focus; INT=international focus)

I. NONMARKET ISSUES AND STRATEGY

10/1 (Week 1): Course Overview, Introduction to Nonmarket Issues (Ch 1)

10/8 (Week 2): Positioning & Forming Nonmarket Strategy (Ch 2), Media (Ch 3)
Example: eBay’s positioning in Legal Space (p 44-45) [ADM, SI]
Case: Exclusive Resorts (p 54-57) [ADM, SI]
Example: Procter & Gamble & Neighbor to Neighbor (p 82) [ADM, INT, SUS]
Case: GM: Like a Rock? (p 86-88) [ADM]

10/15 (Week 3): Activists/Private Politics (Ch 4)
Example: Pizza Hut & Health Insurance Reform (p 93) [INT, ADM]
Case: Shell, Greenpeace, and Brent Spar (p 109-112) [INT, SUS, ADM]
Case: Anatomy of a Corporate Campaign: Rainforest Action Network and Citigroup (A) (p 115-117) [INT, SUS, ADM]

10/22 (Week 4, Part 1): Crisis Management (Ch 5)
Example: PepsiCo and the Syringe Episode (p124) [ADM]
Case: Mattel: Crisis Management or Management Crisis (p 136-140) [INT, ADM]

II. POLITICS AND INSTITUTIONS

(Week 4, Part 2): Distributive Politics and Nonmarket Analysis for Business (Ch 6)
Example: Daylight Savings Time Extension (p 208-210) [ADM]
Example: Internet Wine Sales (p 161) [IT, ADM]

10/29 (Week 5): Nonmarket Strategies for Government (Ch 7), Implementation (Ch 8)
Case: Wal-Mart and its Urban Expansion Strategy (p 217-218) [ADM]
Case: Pharmaceutical Switching (p 252-258) [IT, ADM, SI]

11/5 (Week 6): MIDTERM EXAM (In-Class, 3 hours)
Final Paper Topic Due (in the online dropbox by start of midterm on 11/5)
11/12 Veteran’s Day. University Holiday. No class meeting.

III. ECONOMICS, LAW AND INFORMATION

11/19 (Week 8): Rationales for Government Intervention, Regulation, Antitrust (Ch 10, 9)  
Example: The Microsoft Antitrust Case (p 294-301) [ADM, IT, SI]  
Case: The Staples-Office Depot Merger? (p 290-293) [ADM]

11/26 (Week 9): Law/Intellectual Property, Product Liability (Ch 12)  
Example: The Coase Theorem (p 340-343) [ADM]  
Example: Intellectual Property Enforcement and Digital Piracy (p 379) [ADM, IT]  
Case: Obesity and McLawsuits (p 408-412) [ADM]

12/3 (Week 10): Information Industries (Ch 13), CSR (Ch 19 – no reading required)  
Example: Google: Gmail and Privacy (p 419-421) [ADM, IT]  
Example: Internet Taxation (p 247-251) [ADM, IT, SI]  
Case: eBay and Database Protection (p 433-437) [ADM, IT, SI]

12/10 (Finals week): FINAL EXAM (In-Class, 3 hours)  
FINAL PAPER DUE (in the online dropbox by start of exam on 12/10)
FINAL PAPER DESCRIPTION

Twenty five percent of your final grade will be based on a final paper. The goal of this paper is to demonstrate that you can apply the frameworks developed in class to an important nonmarket issue facing your firm or your industry. Your final paper should be between 1500 and 2000 words. The presentation of your final paper is up to you, but it should clearly contain answers to the following questions:

Consider an industry/firm for which you have relevant work experience (preferably your current or most recent industry/firm). Provide a brief description of the firm/industry you have chosen. Identify a current or on-going non-market issue facing that firm/industry. Identify the relevant interests and institutions. Do these interests and institutional officeholders have the same information? What information might come into play? (15 pts)

Identify a specific example of government intervention related to that issue. This example of government intervention should be as current as possible (e.g. pending or recent legislation would be excellent). Discuss where the specific issue you have chosen is in the nonmarket issue lifecycle. Is it likely to progress? Why or why not? (15 pts)

Are the media likely to be active on the issue you have chosen (or have the media already been active)? Are activists likely to be active on the issue you have chosen? Why or why not? If they are likely to be active, what methods are they likely to choose? Are crisis management concerns likely to be relevant for the issue you have chosen? Discuss. (15 pts)

What type of politics (in the context of the Wilson-Lowi Matrix) characterizes the debates over the specific issue you have chosen? What type of generic political strategies (e.g. informational, representational) would be effective and why? What specific political activities are likely to be effective on this issue? (15 pts)

For the specific example of government intervention you have chosen, discuss which of the seven main rationales are most relevant for explaining why a government would intervene in this way. If there are multiple rationales, discuss all that apply. Would a Chicago school economist think this intervention is justified? Would a Berkeley school economist think this intervention is justified? Do you think it is justified? Discuss. (15 pts)

Conclude your paper with a brief memo directed to the relevant person in the firm/industry you have chosen that outlines your suggested nonmarket strategy on the issue in light of the above analyses. Be specific and make sure to integrate your nonmarket strategy with the firm/industry’s current market strategy. This memo is not counted in your total word limit, but it must be no longer than one page. (15 pts)

Clarity and Presentation – 10 pts

Some advice:
The more specific you are able to be in choosing your example of government intervention, the easier your research will be and the better your paper will be (in general). For example, do not choose a very broad topic like “government policy toward pharmaceuticals.” Instead, write a focused paper on, say, “The Impact of the Hatch-Waxman Act on R&D at Pfizer.”

**Some examples of very successful paper topics from previous quarters:**

A student who worked for a major grocery store chain analyzed the potential effects of a bill to require that over the counter cough medicines be placed behind the pharmacy counter for safety concerns. The paper successfully discussed the ways in which such legislation would affect the way the chain does business.

A student who worked for a boat maker examined recent congressional movements to eliminate the tax deduction for second homes (which can include boats) and its potential effects on the company and wider industry. Discussions of lobbying strategies and issue framing were particularly important in this paper.

A student who worked for a pharmaceutical company discussed the effects of recent ethics violations within the firm and subsequent compliance sanctions imposed by the federal government. The paper included a memo to executives that outlined steps to mitigate the potential harms associated with media coverage of the ethics violations.

**Your final paper topic description (1-2 paragraphs) is due in the online dropbox by the start of the midterm exam (November 5, 2012).** The paper description should contain a very brief description of the firm/industry with which you have work experience and propose a very specific NM issue you plan to write about. Ideally, this will be a current or pending piece of local, state, or federal legislation relevant to the firm or industry. Note that if a law has recently passed in your industry, you have several options (in order of my preference): 1) if it is a state law, you could write about a federal variant of the law (and vice versa); 2) if it is possible the law could be repealed or overturned, you could write about that prospect; or 3) you could pretend the law did not yet get adopted and write the paper as if it is ‘just before’ the time of adoption. You are not limited to writing about your firm/industry if you are/were a government employee. In those cases, you should write about an industry that interests you.

**The completed final paper is due in the online dropbox by the start of the final exam (December 10, 2012).** A hard copy is not required.