Doctoral Seminar in Nonmarket Strategy

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Wednesdays 2:15 pm – 5:15 pm, Room 3102 Ivey  
January 15, 22, 29; February 5, 12, 19, 26; March 11; April 1, 8  
and  
January 10, 10am-1pm; March 24th, 1-4pm (TBD)

Course Overview

This focus of this doctoral course is on understanding the strategies that firms use to manage external forces outside the market place – i.e. the ‘nonmarket’ business environment, which fundamentally shapes the nature of competition within markets. While firm performance is determined in part by market structures, and by firm resources and capabilities, the nonmarket environment in which the firm operates also presents risks and opportunities. The nonmarket environment consists of the laws, regulations, institutions, and norms that structure market competition. Governments, regulators, courts, the media, non-governmental organizations, activists, and cultural mores, all affect how firms compete and which capabilities are valuable. For instance, barriers to entry, new product introduction, global competition, and operating practices can all be enhanced or constrained by formal and informal ‘rules of the game.’ This is true for many industries, from energy to pharmaceuticals to information technology. Yet these rules are not simply exogenously given. They are instead the outcome of competition between firms and other organized groups within government policy-making and public arenas. In many industries, nonmarket strategies – which aim to shape these ‘rules’ – are a key element in sustaining firm performance.

The disciplinary foundations of the course are rooted in economics, political science, law, and sociology, upon which much of the nonmarket strategy literature is built. The readings draw from these disciplines as well as from business strategy research. The course will cover several themes that collectively provide an introduction to major theoretical and empirical contributions within the nonmarket strategy field:

1) Market failure, transaction costs, and government
2) Public politics and nonmarket strategy  
a) The demand for policy  
b) Interest group organization  
c) Legislative strategy – campaign finance  
d) Legislative strategy – lobbying  
e) Strategy in regulatory arenas
3) Private politics and nonmarket strategy  
a) Activists and firms  
b) Corporate social responsibility
4) Nonmarket strategy and firm performance
5) International perspectives
6) Integrated market and nonmarket strategy

**Course Objectives**

By the end of the course, students should be well versed in a range of fundamental theoretical and empirical issues in nonmarket strategy, have a solid appreciation of the historical development of the field, have identified unresolved questions that are ripe for future research, and be ready to generate their own research contributions.

**Course Activities**

Since the course is a discussion-based seminar, each student is required to carefully read all the assigned readings and to actively participate in class discussions. Optional readings, indicated by an asterisk, are provided for further reference if students wish to delve deeper into a particular topic. There is no required text book for the course although chapters of David Baron’s book, *Business and Its Environment* (7th edition), will occasionally be assigned for quick perusal. These will not be discussed in class but familiarity with the content will help prepare students to teach undergraduate or MBA nonmarket strategy courses in the future. The latest edition of *Business and Its Environment* may be borrowed directly from the instructor.

Every week, each student will write a 1-2 page (single-spaced) **synopsis and critique** of one of the assigned readings. Students will act as discussion leader for their assigned paper during the seminar, and should be prepared to spend five to ten minutes describing and critiquing the paper’s contribution. Synopses will be graded and must be submitted to the instructor before midnight on Monday prior to the class on Wednesday. They should include the following:

(a) The research question or problem the paper addresses  
(b) Summary of theoretical predictions, empirical methods, and main findings  
(c) Strengths and limitations  
(d) Contribution to the field, and relationship to other papers discussed in the same or earlier sessions  
(e) One idea for a research question or study that would extend the paper

Each student is also required to write a **research term paper** on a nonmarket strategy topic related to the course. The paper may be theoretical or empirical in nature, but should make a novel contribution to the nonmarket strategy literature. If data collection cannot be performed in time, then the paper should clearly identify the motivation and research question, explain the logic of underlying arguments, lay out the propositions, identify the type of data needed to test them, and indicate where/how such data would be collected. Particular attention should be placed on research design and empirical identification. Students will present their research paper ideas to the class in the final session of the course. Papers should be no more than 20 pages (double-spaced, excluding exhibits and references) and should be submitted by 26 April.

**Evaluation**

The grade for the course will be assigned based on the following components and weights:

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<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Weekly seminar discussion contribution</td>
<td>25%</td>
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<tr>
<td>Written paper synopses and critiques</td>
<td>25%</td>
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<tr>
<td>Research paper</td>
<td>50%</td>
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Attendance
Attendance in all sessions of the course is mandatory. A contribution grade of zero will be assigned to missed classes (notification requirements must be met – see below). If a student's absenteeism reaches 25 percent (3 or more classes), s/he will not be eligible to hand in the final research paper, and will fail the course. http://www.uwo.ca/univsec/handbook/exam/attendance.pdf. If a student must miss a class for health reasons or religious holidays, s/he must send the instructor an email in advance with the reason for absence.

Academic Integrity and Plagiarism
Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_grad.pdf

All required papers may be subject to submission for textual similarity review to the commercial plagiarism-detection software under license to the University. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (http://www.turnitin.com)."

Health and Wellness
As part of a successful graduate student experience at Western, we encourage students to make their health and wellness a priority. Western provides several on campus health-related services to help you achieve optimum health and engage in healthy living while pursuing your graduate degree. For example, to support physical activity, all students, as part of their registration, receive membership in Western’s Campus Recreation Centre. Numerous cultural events are offered throughout the year. Please check out the Faculty of Music web page http://www.music.uwo.ca, and our own McIntosh Gallery http://www.mcintoshgallery.ca. Information regarding health- and wellness-related services available to students may be found at http://www.health.uwo.ca.

Students seeking help regarding mental health concerns are advised to speak to someone they feel comfortable confiding in, such as their faculty supervisor, their program director (graduate chair), or other relevant administrators in their unit. Campus mental health resources may be found at http://www.health.uwo.ca/mental_health/resources.html.

To help you learn more about mental health, Western has developed an interactive mental health learning module, found here: http://www.health.uwo.ca/mental_health/module.html. This module is 30 minutes in length and provides participants with a basic understanding of mental health issues and of available campus and community resources. Topics include stress, anxiety, depression, suicide and eating disorders. After successful completion of the module, participants receive a certificate confirming their participation.
INTRODUCTION AND CONCEPTS

I: Market Failure, Transaction Costs, and Government


PUBLIC POLITICS AND NONMARKET STRATEGY

II. The Demand for Policy


* Baron, D. P. 2013. Chapter 6, “Nonmarket analysis for business”, and Chapter 10 subsections on “Explanations for regulation, market imperfections, political economy of regulation, and a nonmarket theory of regulation”


III: Interest Group Organization


**IV: Legislative Strategy – Campaign Finance**


* Baron, D. P. 2013. Chapter 7, “Nonmarket strategies for government arenas”


V: Legislative Strategy – Lobbying


* Baron, D. P. 2013. Chapter 8, “Implementing nonmarket strategies in government arenas”


VI: Strategy in Regulatory Arenas


PRIVATE POLITICS AND NONMARKET STRATEGY

VII: Activists and Firms


VIII: Corporate Social Responsibility


IX: NONMARKET STRATEGY AND FIRM PERFORMANCE


X: INTERNATIONAL PERSPECTIVES


XI: INTEGRATED MARKET AND NONMARKET STRATEGY


XII: STUDENT RESEARCH PRESENTATIONS