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College of Agriculture
Office of Academic Programs
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www.ca.uky.edu/students

October 7, 2008

MEMO

TO: Dr. Jeannine Blackwell
Dean of the Graduate School

FROM: Dr. Mike Mullen
Associate Dean

A handwritten signature in black ink, appearing to read 'Mike Mullen', written over the printed name of the sender.

RE: New Course – AEC 622

Please find attached a proposal for a new course, AEC 622 – Advanced Agribusiness Management Strategies. This was approved unanimously by the College Graduate Curriculum committee.

We look forward to the approval of this request.

see blue.



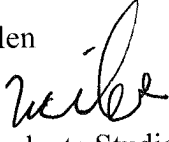
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September 12, 2008

MEMORANDUM

TO: Dr. Mike Mullen

FROM: Michael Reed 
Director of Graduate Studies

SUBJECT: New Course Proposal for AEC 622

Please find attached materials to propose AEC 622, "Economic Foundations of Agribusiness Management Strategies." This proposed new course has been taught under the AEC 780, "Special Problems in Agricultural Economics," a number of times. This proposal was passed by the department's Graduate Program Committee and by the entire faculty at a recent meeting (faculty meeting minutes are attached).

APPLICATION FOR NEW COURSE

1. Submitted by the College of Agriculture Date: 8/25/08

Department/Division proposing course: Agricultural Economics

2. Proposed designation and Bulletin description of this course:

a. Prefix and Number AEC 622

b. Title* Advanced Agribusiness Management Strategies

*If title is longer than 24 characters, offer a sensible title of 24 characters or less: Agribusiness Management

c. Courses must be described by at least one of the categories below. Include number of actual contact hours per week.

() CLINICAL () COLLOQUIUM () DISCUSSION () LABORATORY 3(x) LECTURE
() INDEPEND. STUDY () PRACTICUM () RECITATION () RESEARCH () RESIDENCY
() SEMINAR () STUDIO () OTHER – Please explain: _____

d. Please choose a grading system: Letter (A, B, C, etc.) Pass/Fail

e. Number of credit hours: 3

f. Is this course repeatable? YES NO If YES, maximum number of credit hours: _____

g. Course description:

This course integrates knowledge of economics, econometrics, business administration, finance, accounting, marketing, decision making, and research methodology. The focus is on analytical skills and scholarly academic research.

h. Prerequisite(s), if any:

Agribusiness Management (AEC 422), intermediate Microeconomics (ECO 601 or AEC 603), an introductory course in Econometrics, or consent of instructor

i. Will this course also be offered through Distance Learning? YES NO

If YES, please check one of the methods below that reflects how the majority of the course content will be delivered:

Internet/Web-based Interactive video Extended campus

3. Supplementary teaching component: N/A or Community-Based Experience Service Learning Both

4. To be cross-listed as: _____ / _____
Prefix and Number printed name Cross-listing Department Chair signature

5. Requested effective date (term/year): Spring / 2010

AEC 622-001 (AEC 780-II)
Advanced Agribusiness Management: Economic Foundations of Strategy and Agribusiness Management
Spring 2009, 11:00 a.m.-12:15 p.m. TR
Agricultural Science Center South, GARR-108

Instructor: Dr. Sayed Saghaian (Mehdi)
Office: 314 C.E. Barnhart Bldg.
Phone: (859) 257-2356
Email: ssaghaian@uky.edu

Office Hours: I have an open door policy, but call or email me to set up an appointment before you come to be sure I am available.

Text and Other Materials:

- Besanko, D., D. Dranove, and M. Shanley & S. Schaefer. *Economics of Strategy*. 4th Edition. New York, NY: John Wiley & Sons, Inc., 2007.
- Scientific **Journal Articles** (a sample list is provided) and Harvard Business School **Case Studies** in Agriculture.

Course Description: This course integrates the knowledge of economics, econometrics, business administration, finance, accounting, marketing, decision making, and research methodology. The focus is on analytical skills and scholarly academic research. *Prerequisites* are agribusiness management (AEC 422), intermediate microeconomics (AEC 503), and an introductory course in econometrics (AEC 624) or consent of instructor.

Student Learning Outcomes: At the completion of this course, the student will be able to:

- Identify and evaluate complex agribusiness management problems encountered by agribusiness researchers and managers.
- Formulate and justify business strategies.
- Know the food and fiber industries and their contemporary research problems.
- Analyze and apply agribusiness management research methodologies and tools to solve microeconomic and decision-making problems.

Course Requirements:

- **Lectures:** Lectures will emphasize key aspects of the core skills and business strategy concepts using selected readings from the text and journal articles.
- **In-Class Presentations:** This course is built around agribusiness management research methodologies and a critical part of the class is journal article presentations and discussions.
- **Out- of- Class Assignments:** Readings will be assigned throughout the semester from the text and the journal articles.
- **Exam:** There will be a midterm exam to appraise your knowledge of the materials covered in the class.
- **Research Project:** There will be a research project required for this course, designed to integrate and apply the materials covered in the course. The final written research project is due the last day of the class.

Course Grading:

- | | |
|---------------------------------|------------|
| • <i>Class Participation</i> | <i>10%</i> |
| • <i>In-Class presentations</i> | <i>30%</i> |
| • <i>Midterm Exam</i> | <i>30%</i> |
| • <i>Research Project</i> | <i>30%</i> |

Grading Scale: Final letter grades will be based on the following scales. I reserve the right to adjust final grades upward under special circumstances.

≥ 90%	A
≥ 80%	B
≥ 70%	C
Below 70	E

Approach to the Course: This course has three major components. First, there will be a series of *lectures* organized around the following topics:

- Agribusiness Firms' Boundaries
 - Horizontal Boundaries
 - Vertical Boundaries
 - Organizing Vertical Boundaries
 - Diversification
- Markets and Competitive Analysis
 - Competitors and Competition
 - Strategic Commitment
 - The Dynamics of Price Rivalry
 - Entry and Exit
 - Industry Analysis
- Strategic Position of Agribusinesses
 - Strategic Position for Competitive Advantage
 - Sustaining Competitive Advantage
 - The Origins of Competitive Advantage
- Incentives and Contracts in Agriculture
 - The Principal-Agent Model

Each topic will consist of assigned chapters from the text along with in-class and out-of-class supplemental reading materials, all of which will be covered in the *midterm exam*, accounting for 30% of the total grade.

Second, there will be *in-class presentations*, focusing on the agribusiness topics being covered to reinforce and apply the core skills. Each student must make two article presentations related to agribusiness management during the semester. Each student must discuss the strengths and weaknesses of the articles including a critical examination of the research methods and the issues brought up in the articles. The short papers summarize the presentations and are submitted to each class member the class-period before the presentation. The short paper explains, informs, and prepares the students for what will be presented and discussed in the next class period. Each article presentation plus its short paper accounts for 15% of the grade (5% for the short paper and 10% for the class presentation and discussion), so that the two article presentations and short papers account for 30% of the total grade. The articles must be approved before deciding upon the presentations.

Third, there will be a *research project* whereby individuals will review agribusiness literature, integrate, assemble and analyze data, and apply models and materials covered in the class. This research project accounts for another 30% of the total grade. Students must author their own papers, following the scientific methodology they explored and discussed in the class after reading and critiquing scientific papers authored by others. Student research papers will include an abstract, an introduction, literature review, theoretical and empirical modeling, results, conclusions and list of references. The research project must be an original work.

Course Policies and Classroom Behavior: There is very little flexibility in the schedule of the exams and assignments. Policies regarding excused absences, withdrawal, incompletes, and exams can be found in the *Student Rights and Responsibilities Handbook*. All students and faculty are responsible for adhering to these policies. Attendance is required. There will be assignments to be discussed and submitted throughout the semester. If you aren't there, it will be fairly obvious and will result in loss of points. Extra credit is not available. You will have ample opportunity to achieve the grade you desire. You are expected to be proficient at using spreadsheet, word processing, and internet software. All research projects must be typed. They should include a cover sheet with your name, assignment title, and the date. You are expected to be civil to each other and to the instructor, including such things as being polite, not talking when someone else is making a point, listening to what others are saying, not sleeping in class, not bringing food in the classroom and not using tobacco products inside the classroom.

Plagiarism and Cheating: Obviously, neither will be tolerated. Please refer to your *Student Rights and Responsibilities Handbook* for offenses and penalties. If you have any questions (or doubts) about what constitutes “doing your own” work, please contact me.

Students with Disabilities: Students with disabilities should provide a letter from the UK Disability Resource Center (DRC) certifying the need for special arrangements or needs. It is the student’s responsibility to register with the DRC. The DRC web site is: <http://www.uky.edu/StudentAffairs/DisabilityResourceCenter/>

Tentative Course Outline:

Week 1	Introduction, Course Syllabus, Class Organization, Besanko chapter 1
Week 2	Horizontal Boundaries of Agribusinesses, Besanko chapter 2
Week 3	Vertical Boundaries of Agribusinesses, Besanko chapter 3
Week 4	Organizing Vertical Boundaries of Agribusinesses, Besanko chapter 4
Week 5	Diversification, Besanko chapter 5
Week 6	Competitors and Competition, Besanko chapter 6
Week 7	Strategic Commitment, Besanko chapter 7
Week 8	The Dynamics of Price Rivalry, Besanko chapter 8
Week 9	Entry and Exit, Besanko chapter 9
Week 10	Industry Analysis, Besanko chapter 10
Week 11	Strategic Positioning for Competitive Advantage, Besanko chapter 11
Week 12	Sustaining Competitive Advantage, Besanko chapter 12
Week 13	The Origins of Competitive Advantage and Midterm Exam, Besanko chapter 13
Week 14	Incentive Theory and Contracts in Agriculture, Besanko chapter 14
Week 15	The Principal-Agent Model, article presentation
Week 16	Article Presentation
Week 17	Article Presentation

A Sample List of Readings:

1. Andrews, Kenneth R., (1987). *The Concept of Corporate Strategy, 3rd edition*, Chapter 2. Homewood, IL: Irwin.
2. Barney, J. B. (1990). "The Debate Between Traditional Management Theory and Organizational Economics: Substantive Differences or Intergroup Conflict." *Academy of Management Review*, 15(3), 382-393.
3. Blois, Keith J., (1990). "Transactions Costs and Networks." *Strategic Management Journal*, 11: 493-496.
4. Chambolle, Claire and Oliver Saulpic (2006). "Growers vs. Merchants Bargaining on the Price of Champagne Grapes and the Role of Contracts when Bargaining is Unbalanced," *Journal of Wine economics*, 1, 2, 95-113.

5. Chandler, Alfred, (1962). *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*, Introduction. Cambridge, MA: MIT Press.
6. Coase, Ronald H., (1937). "The Nature of the Firm." *Econometrica*, 4:386-405.
7. Conner, K. R., (1991). "A Historical Comparison of Resource-Based Theory and Five Schools of Thought Within Industrial Organization Economics: Do We Have a New Theory of the Firm?" *Journal of Management*, 17: 121-154.
8. Crocker, K.J. and K. J. Reynolds, (Spring 1993). "The Efficiency of Incomplete Contracts: An Empirical Analysis of Air Force Engine Procurement." *RAND Journal of Economics*, 126-146.
9. Crocker, K.J. and S.E. Masten, January 1996). "Regulation and Administered Contract Revisited: Lessons from Transaction-Cost Economics for Public Utility Regulation," *Journal of Regulatory Economics*, 9, 5-39.
10. Demsetz, H., (1982). "Barriers to Entry." *American Economics Review*, 72: 47-57.
11. Demsetz, Harold, (1995). *The Economics of the Business Firm*. New York, NY: Cambridge University Press.
12. DiMaggio (2001). "The Twenty-First-Century Firm: Changing Economic Organization in international perspectives," Princeton Univ. Press, Chpts. 1 & 9, pp. 3-30 and 210-243.
13. Dixit, Avinash and Barry J. Nalebuff, (1991). *Thinking Strategically*. New York, NY: W.W. Norton & Company.
14. Ghemawat, Pankaj, (1991). *Commitment: The Dynamic of Strategy*. New York, NY: Free Press.
15. Goldberg, V.P. and J. Erickson, (1987). "Quantity and Price Adjustment in Long-Term Contracts: A Case Study of Petroleum Coke." *Journal of Law and Economics*, 369-98. [CSCO; TCE v.2]
16. Goodhue, R, D. Heien, H. Lee, and D. Sumner (2003). "Contracts and Quality in the California Winegrape Industry," *Review of Industrial Organization*, 23, 267-282.
17. Grossman, S.J. and Oliver D. Hart, (August 1986). "The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration." *Journal of Political Economy*, 94 (4): 691-719. [TCE v.1]
18. Hart, O. and B. Holmstrom, (1987). "The Theory of Contract," in *Advances in Economics Theory: Fifth World Congress*, T. Bewley (ed.), Cambridge Univ. Press.
19. Hart, Oliver, (1995). *Firms, Contracts, and Financial Structure*. Oxford: Clarendon Press.
20. Hart, O. and Moore, J. (1994). "The Theory of Debt based on Inalienability of Human capital," *Quarterly Journal of Economics*, 109, 841-879.
21. Holmstrom, B. and J. Roberts, (Fall 1998). "The Boundaries of the Firm Revisited." *Journal of Economic Perspectives*, 12, 73-94.
22. Hueth, Brent, and Ethan Ligon (2002). "Estimation of an Efficient Tomato Contract," *European Review of Agricultural Economics*, 78, 1034-1043.
23. John, George and Barton A. Weitz, (1988). "Forward Integration into Distribution: An Empirical Test of Transaction Cost Analysis." *Journal of Law, Economics, and Organization*, 4(2) 337-355.
24. Joskow, Paul L. (1987). "Contract Duration and Relationship-Specific Investments: Empirical Evidence from Coal Markets," *American Economic Review*, 77, 168-185.
25. Joskow, Paul L., (1985). "Vertical Integration and Long-Term Contracts: The Case of Coal-Burning Electric Generating Plants." *Journal of Law Economics, and Organization*, 1 (1): 33-80.
26. Knoeber, Charles R., and Walter N. Thurman (1994). "Testing the Theory of Tournaments: An Empirical Analysis of Broiler Production," *Journal of Labor Economics*, 12, 155-197.
27. Liebeskind, J. P., (1996). "Knowledge, Strategy and the Theory of the Firm." *Strategic Management Journal*, 17 (Winter): 93-107.
28. Masten, Scott (ed.), (1996). *Case Studies in Contracting and Organization*. New York: Oxford University Press. (hereafter [CSACO])
29. McEvily, Perrone, & Zaheer (2003). "Trust as an Organizing Principle," *OS*, 14, 1: 91-103.
30. Pashigian, B.P. and E.D. Gould, (April 1998). "Internalizing Externalities: The Pricing of Space in Shopping Malls," *Journal of Law and Economics*, 41, 115-142.
31. Pirrong, Stephen Craig (1993). "Contracting Practices in Bulk Shipping Markets: A Transactions Cost Explanation," *Journal of Law Economics*, 36, 337-376.
32. Poppo, Laura and Todd Zenger, (1998). "Testing Alternative Theories of the Firm: Transaction Cost, Knowledge-Based, and Measurement Explanations for Make-or-Buy Decisions in Information Services." *Strategic Management Journal*, 19: 853-877.

33. Saghaian, S., T. Woods, and F. Tondel. (2007). "Integration, Contracts, and Risk: Strategic Issues for Small Wineries in the Mid-South and the Eastern U.S." Staff Paper #470, Department of Agricultural Economics, University of Kentucky, September.
34. Shaban, Radwan A. (1987). "Testing between Competing Models of Sharecropping," *Journal of Political Economy*, 95, 893-920.
35. Stiglitz, Joseph E. (1974). "Incentives and Risk Sharing in Sharecropping," *Review of Economic Studies*, 41, 219-255.
36. Williamson, Oliver E., (1999). "Strategy Research: Governance and Competence Perspectives." *Strategic Management Journal*, 20: 1087-1108.
37. Williamson, O.E. (1999). "Strategy Research: Governance and Competence Perspectives." *Strategic Management Journal*, 20, 1087-1108.
38. Williamson, Oliver E, (2000). "The New Institutional Economics: Taking Stock, Looking Ahead." *Journal of Economic Literature*, 38: 595-613.