



UNIVERSITY
OF TASMANIA

School of Economics

Faculty of Commerce

BEA235

Thinking Strategically: The Competitive Edge in Everyday Life and Business

Semester 2, 2003

Unit Outline

Dr Michael Brooks

CRICOS Provider Code: 00586B

Contact details

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Unit details

Campus & Mode: Hobart, Web CT Supported

Unit Weight: 12.5%

Prerequisite Nil

Teaching Staff: Dr Michael Brooks

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Unit description

Strategic Thinking is the art of outdoing an adversary, knowing that the adversary is trying to do the same to you. All of us must practice strategic thinking at work as well as in everyday life. As a business manager, political adviser, lawyer and in the day-to-day pursuits of life (such as buying a car) you will be trying to win the competition.

This unit is about the basic principles you can adopt in the attempt to become a better competitive strategist in business and daily life. The unit draws these principles from the fields of business, politics, law, sports, warfare, fiction and modern art form such as the movies.

Paraphrasing Dixit and Nalebuff: Thinking Strategically—Don't Interact without it.

This unit is an elective unit in the BEc degree but a compulsory unit in the Business Economics major in the BCom.

Aim/Philosophy

I hear, and I forget
I see, and I remember
I do, and I understand

In this unit you will not just hear about thinking strategically—you will play games in which strategic thinking is required. Why should you spend time playing games? You should because many social actors—managers, politicians, lawyers, consumers—do. If large parts of life are resolved through strategic thinking, there is no better way to begin to understand it—its rules, its strategies, and its outcomes—than to learn how to play.

Throughout the unit, we will work our way through a large number of the chapters of the prescribed text, *Games of Strategy*, to help us understand the games of everyday life and business. As we read *Games of Strategy* we will be playing games in class to reinforce and add to the principles discussed in the book. The payoff from all of this playing will come in understanding how to think strategically. A good many of the ideas are discussed in a more relaxed style in Dixit and Nalebuff's, *Thinking Strategically*. It's fun to read. I have included the complementary reading in the schedule.

Learning outcomes

On completion of this unit, you should be able to:

- Resolve what is the appropriate strategy to play in various scenarios involving game theory.
- Demonstrate a sound understanding of a number of key concepts and techniques of game theory.
- Know the advantages and disadvantages of whether to play first or wait.

Generic graduate attributes

The unit will contribute to developing the following generic attributes in the University of Tasmania Graduates:

- Knowledge – the unit provides students with an introduction to an important mode of analysis used widely in the social sciences.
- Problem solving – the unit equips students with the technical skills to solve what strategies ought to be applied in various games. In addition, all of the out-of-class games require the students to attempt to understand the material before it is discussed in class. In this case, the unit develops the students skill at independent problem solving.
- Communication skills – students are required in a number of games to construct effective contracts. In all of the in-class games students are required to interact effectively with other students. At times, students have the opportunity to take on a leadership role.
- Global Perspective – the unit deals with a number of international issues such as the Cuban Missile Crisis and ocean fisheries.
- Social Responsibility – students are encouraged to think carefully about whether the game of life requires certain ethical stances.

Pre-requisites

None.

Assumed skills

- Ability to solve arithmetical problems and construct simple graphs.
- Basic level of literacy in English.

Prescribed Text

Prescribed text

A. Dixit and Susan Skeath, *Games of Strategy*, Norton, 2000

Recommended readings

- Axelrod, R., *The Evolution of Cooperation*, 1984.
- Baird, D. G., R. Gertner and R. Picker, *Game Theory and the Law*, 1995.
- Davis, M., *Game Theory: A Nontechnical Introduction*, 1983.
- Dixit and B. Nalebuff, *Thinking Strategically*, 1991.
- Elster, J., *Nuts and Bolts for the Social Sciences*, 1989.
- Elster, J., *The Cement of Society*, 1989.
- Schelling, T., *Micromotives and Macrobehaviour*, 1978.
- Schelling, T., *Choices and Consequences*, 1984.

Teaching arrangements

Lectures

One two-hour lecture per week held on Thursday 10.00am – 11.50am, Life Science Lecture Theatre 1 (LIFE_LTH1)

Workshops

The class will be split into two workshop groups. This will be organised in the first lecture. Workshops will begin in week 15.

Workshop No. 1: Monday 11.00am – 12.50pm Hytten Hall Room 107 (HYTT_107)

Workshop No. 2: Wednesday 2.10pm – 4.00pm Com Seminar Room 511 Commerce Building

Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf

Unit schedule

Week	Date beginning	Topic
14	14/07/03	Introduction
15	21/07/03	Back from the Future: Identifying the Choices
16	28/07/03	Choice of Strategy
17	04/08/03	Strategic Goals: Is There an End in Sight?
18	11/08/03	Resolving Conflict
19	18/08/03	Strategic Moves and Credibility
20	25/08/03	Keep 'Em Guessing: Mixing the Strategies
21	01/09/03	Brinkmanship
22	08/09/03	Working Together?
23	15/09/03	Voting in Elections
24	22/09/03	Voting in Committees
AVCC Common Week		
25	06/10/03	Negotiation and Incentives
26	13/10/03	Putting it All Together
Study Period 20/10/03 to 24/10/03		
Exam Period 25/10/03 to 11/11/03		

Learning expectations and strategies

Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

Learning strategies

If you need assistance in preparing for study please refer to your tutor or lecturer. For additional information refer to the Learning Development website : <http://www.utas.edu.au/learndev/>

If you will be using WebCT for the first time and would like some information on how to use WebCT refer to the following guide: http://www.utas.edu.au/coursesonline/docs/using_webct.pdf

Some of the units you will study use video conferencing to deliver lectures and tutorials. To enable you to get the best out of a video conference please refer to the following guide. <http://www.its.utas.edu.au/videoconf/vcstudentguide.pdf>

Assessment

Your grade will be based on four elements:

1. In-Semester

There will be a two-hour in-semester examination in week 21 covering the material taught in weeks 14 - 20, Friday 2 – 4 pm, room to be confirmed.

2. Final Exam

Sixty-five percent of your final score will be based on a final examination. This will be a mix of problems (in which you must identify what thinking strategically predicts for certain games) and short-answer questions.

3. Game Grade Bonus

Your final result may be raised by the addition of your game bonus, based on your play in the games throughout the unit. A running tally for each of your game scores will be kept and made available on WebCT.

Total game scores will be translated into bonuses as follows:

- top 5% students: 10 marks bonus
- next 10% of students: 7 marks bonus
- next 15% of students: 5 marks bonus
- next 25% of students: 3 marks bonus
- next 25% of students: 1 mark bonus
- bottom 20% of students: No bonus

So the minimum grade bonus is zero and your final result cannot be lowered by poor game play. In most games, the points you earn in the game will simply be added to your total game score. In some games (where you will be playing a different role than one of your classmates) fairness requires that your game grade should depend either on how well you do relative to some best (or worst) possible score, or how you do relative to other students playing exactly the same role.

4. Attendance and Participation at Workshops

Each of you is expected to attend and participate in *ALL* workshops. You will receive up to 5 marks on a prorata basis for participation in the workshops.

In summary the assessment for the unit is:

Component	Weight/Value
In-Class-Examination	30%
Final Examination	65%
Attendance & Participation in Workshops	5%
Total	100%
Plus Game Grade Bonus	? (Depends on how well you play the games relative to the other students).

Assessment/Objectives

Unit Objectives	How this is assessed
1. To introduce you to a wide range of social problems requiring both competition and cooperation.	
2. To get you to think actively about social problems in business and everyday life.	Role playing in workshops.
3. To let you interact with your classmates so that you can learn from one another.	
4. To show you how simple analysis can help you play and understand a range of the games of life better.	Questions on in-class test and final examination and work in the games.
5. To help you to discover game theoretic concepts for yourself.	Role playing in workshops and out-of-class games.
6. To give you insights into complex real-world problems through simplified games.	Questions on final examination and work on games.
7. To get you to experience moral dilemmas relating to questions of ethics, fairness and honesty.	Role playing in workshops.

In the unit you will be introduced to a large number of the central elements of game theory. To a considerable extent game theory is the modern language of business economics, political science, sociology, philosophy and ethics, socio-biology and law. The lessons learnt in BEA235 represent an important element in your education and introduction to a modern approach used widely in both the social sciences and life sciences.

Submission of games

The assigned reading for the various topics can be found under the schedule on a latter page of this unit outline.

On some occasions I may make available handouts that I have written on various topics. They will be made available under the icon on WebCT called "Handouts".

In order to find the out-of-class games, go to myWebCT and find the icon "Out-of-Class Games". Select the relevant game as outlined in the Schedule.

Requests for extensions

Extensions will only be granted on the basis of consultation with your lecturer before the due date. If you are ill, please provide a medical certificate so that this can be noted. If you are unable to attend the mid-semester test due to circumstances beyond your control, please inform your lecturer or the School Secretary before the test date.

Access to WebCT

The WebCT entry page is at <http://webct.utas.edu.au:8900/>. Click 'Log on to myWebCT' and enter the same username and password that you use for your University email account. Your personal WebCT page will appear, with the units in which you are enrolled listed at the top left of the screen. Click on the 'BEA235 Thinking Strategically' link to gain access to the home page for this unit. Details about WebCT features are available on <http://www.webct.com/quickstart>. If you run into problems with WebCT, contact the Help Desk on Telephone: 6324 3888, or Email: HelpDesk@weboffice.utas.edu.au.

Penalties

Late out-of-class and in-class games will not be accepted.

Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions that they have used. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. It is important that students understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is

Baumol, William (1986), "Productivity Growth, Convergence and Welfare", *American Economic Review*, vol. 76, pp. 1072-85.

Maddison, Angus (1970), *Economic Progress and Policy in Developing Countries*, London, Allen and Unwin.

For information on presentation of assignments :

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation or copying another student's work.

In fact the intentional copying and submission of someone else's work as one's own is a serious offence tantamount to academic fraud. It is a University offence punishable by a range of penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, exclusion from a unit, a course, or the University. **When in doubt consult your lecturer or tutor.** Details of penalties that can be imposed are available in the Ordinance of Student Discipline or at: www.utas.edu.au/plagiarism

Useful resources on academic integrity, including what it is and how to maintain it, are also available at http://www.utas.edu.au/tl/academic_integrity/index.html

Additional assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should raise these with your lecturer.

Student Services staff are located in Hobart, Launceston and Burnie and provide a wide range of services to assist students, they include:

- Student Counsellor
- Careers Adviser
- Disability Adviser
- Student Employment Service.

Or visit the Student Services website at :
<http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

Your contact Librarian for this unit is :

Heather Mitchell (ext 2306)

International Services website provides information on the assistance available to international students, visit their site at :
<http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies, visit their site at : <http://www.utas.edu.au/learndev/>

Help resolving concerns about this unit

If you have any concerns or complaints with the administration and/or management in this unit or your BEc course of either a general or personal nature, then you should in the first instance discuss the matter with your lecturer. If you feel that you would rather discuss the issue with an independent person within the School of Economics, then contact the Ombusperson:

Dr Sarah Jennings
School of Economics
Room 413
email sarah.jennings@utas.edu.au

If the matter is still unresolved and you would like to know who to contact or the procedures for resolving your concern refer to the following website :
<http://student.admin.utas.edu.au/services/complaints/index.html>

The Hobart based Tasmanian University Union (TUU) or the Launceston/Burnie based Student Association (SA) may also be able to assist.

Unit feedback

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to :

<http://student.admin.utas.edu.au/setl/index.html>

Schedule

Reading is to be completed *before* the lecture. I strongly advise you to read at least one week ahead of where we are in the semester.

Out-of-class Games strategies are to be submitted electronically by 5.00 pm on the day listed below (ie the day listed where the Game is mentioned in the Schedule. Late submissions will not be accepted under any circumstances). Note that most, if not all, of the out-of-class games require you to submit your answers electronically via the WebCT. When you submit the strategy, a form will appear on the screen "Thank you for filling out this form". Print out a copy and hold it for your records in case there is some dispute about the submission of your out-of-class game strategies. If you do not have the receipt I will not be able to accept your submission.

In-class Games will be played on the day listed for the workshop below. In some cases, the in-class games may last more than 1 hour and, in fact, may last for two hours. If this should happen, then the amount of lecture time for that week will be reduced to 1 hour. Consequently, your commitment to scheduled class times will not exceed 3 hours in any particular week.

Week 14 Introduction

- ◆ Reading, Dixit and Skeath, Chapter 1; Dixit and Nalebuff, Chapter 1
- ◆ No out-of-class game
- ◆ No in-class game
- ◆ No workshop
- ◆ The out-of-class game, **Games on Trees**, should be submitted by 5.00pm on 18 July.

Week 15 Back from the Future: Identify the Choices

- ◆ Reading, Dixit and Skeath, Chapter 2 and 3; Dixit and Nalebuff, Introduction, pp 1-4, Chapter 2.
- ◆ Out-of-class game: **Games in Boxes** submit 25 July by 5.00pm.
- ◆ In-class game: In-Class **Games on Trees**.

Week 16 Choice of Strategy: Dominance

- ◆ Reading, Dixit and Skeath, pp 82-93; Dixit and Nalebuff, pp 56-74.
- ◆ Out-of-class game: **More Games in Boxes** submit 1 August by 5.00pm.
- ◆ In-class game: **Private Incentives and Public Conflicts**.

Week 17 Is there an End in Sight?

- ◆ Reading, Dixit and Skeath, p 82 and pp 107-118; Dixit and Nalebuff, pp 74-86.
- ◆ Out-of-class game: **Prisoner's Dilemma Revisited** submit 8 August by 5.00pm.
- ◆ In-class game: **Iterated Version of a Game**

Week 18 Conflicts

- ◆ Reading, Dixit and Skeath, Chapter 8; Dixit and Nalebuff, Chapter 4
- ◆ Out-of-class game: **Unconditional Moves** submit 15 August by 5.00pm.
- ◆ In-class game: **Repeated Games**.

Week 19 Strategic Moves and Credibility

- ◆ Reading, Dixit and Skeath, Chapter 6 and 9; Dixit and Nalebuff, Chapters 5 and 6.
- ◆ Out-of-class game: **Mixed Strategies**, submit 22 August by 5.00pm.
- ◆ In-class game: **Establishing Credibility with Contracts**.

Week 20 Keep 'Em Guessing (Mixed Strategies)

- ◆ Reading, Dixit and Skeath, Chapter 5; Dixit and Nalebuff, Chapter 7.
- ◆ Out-of-class game: **Maltese Falcon and Brinkmanship** submit 29 August by 5.00pm.
- ◆ In-class game: **Hingis versus Mauresmo á la Groundhog Day**.

Week 21 Brinkmanship

- ◆ Reading, Dixit and Skeath, Chapter 13; Dixit and Nalebuff, Chapter 8.
- ◆ Out-of-class game: **Dynamics of Public Opinion**, submit 5 September by 5.00pm.
- ◆ In-class game: **Brinkmanship**.
- ◆ In-class test.

Week 22 A Butterfly Flaps its Wings ...

- ◆ Reading, Dixit and Nalebuff, Chapter 9.
- ◆ Out-of class game: **Liberals and Labor**, submit 12 September by 5.00pm.
- ◆ In-class game: **Social Coordination**.

Week 23 Voting in Elections

- ◆ Reading, Dixit and Skeath, Chapter 14; Dixit and Nalebuff, Chapter 10.
- ◆ Out-of-class game: **Voting in Committees**, submit 19 September by 5.00pm.
- ◆ In-class game: **Winner-Takes-All Elections**.

Week 24 Voting in Committees

- ◆ Reading, Dixit and Nalebuff, pp 267-85.
- ◆ Out-of-class game: **Negotiation and Incentives**, submit 26 September by 5.00pm.
- ◆ In-class game: **Agenda-Setting**.

Week 25 Negotiation and Incentives

- ◆ Reading, Dixit and Skeath, Chapter 16 and Chapter 12; Dixit and Nalebuff, Chapters 11 and 12.
- ◆ Out-of-class game: **TBA**, submit 10 October by 5.00pm.
- ◆ In-class game: **AMPO versus City**.

Week 26 Putting it all Together

- ◆ Reading, Dixit and Skeath, Chapter 7; Dixit and Nalebuff, Chapters 13.
- ◆ No out-of-class game.
- ◆ In-class game: **Primitive Politics**.