

VICTORIA MANAGEMENT SCHOOL

MMBA 574 THE INFORMATION ECONOMY

Trimester 1 2008

COURSE OUTLINE

Course Coordinator: Bronwyn Howell
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Guest lectures/case studies will be provided (provisional upon presenter availability) by Matt Burgess (IPredict Prediction Markets case study), Dr Mark Obren (Strategy in an Information Economy) and Susan Corbett (Intellectual Property Law).

Start Date: **March 1**
Format: Modular
Lecture Times: Saturdays March 1 and May 3; 9am-4.30pm
Sundays March 2 and May 4; 9am-4.30pm
Venue: **March 1 & 2 RHG03**
May 3 & 4 TBA

A research methodologies workshop will be offered as part of the MBA skills development programme workshops on Friday 29 February 5.30pm – 8.30pm, also in RHG03. It is expected that all participants in MMBA574 will attend this workshop. Attendance at this workshop is in addition to the 24 hours teaching in the course, but will be credited against students' professional development hours for the MBA.

Course Objective:

The broad aim of the course is to provide participants with an understanding of the economic, legal and strategic principles underpinning the development of the Information Economy and Electronic Commerce, and to provide the participants with the opportunity to develop skills in critical analysis of the ways in which firms and governments are participating in the developing information economy.

This elective is suitable for both full time and part time students. It is proposed that the course will comprise three distinct sections. The theory component will explore the theory relating to the economics of information and its relationship to commercial activities. Next, the course will examine the evolution of the Information Economy, and the implications of this on the strategic options facing firms and organisations, in relation to both external positioning and the internal allocation of resources in order to develop and exploit information assets. This section will utilise case studies to explore how firms and organisations have approached these challenges. Finally, the course will ‘scan the future’ and examine the ways in which policy development, both national and international, may affect the development of firms producing and trading ‘information goods’, the development of electronic commerce and the growth of the ‘information economy’.

The course thus has a strategic and integrative focus, and addresses both management and policy development issues, making it suitable for both public and private sector practitioners. No technical background or experience in managing information and communication technologies is required. The relevant core papers that this elective builds upon are MMBA503 Economics, MMBA503 Commercial Law, MMBA505 Organisational Behaviour, MMBA 507 Information Systems and MMBA518 Marketing Management, and it is a complement to MMBA534 Strategic Management. It is also complementary to the electives MMBA535 Advanced Strategic Management, MMBA549 Systems Thinking, MMBA565 Innovation and Entrepreneurship and MMBA579 Advanced Corporate Management.

Workload:

Workload expectations for this course will average 10 hours per week for the 12 teaching weeks and 30hrs during the mid-trimester break. However, it is noted that the block course teaching format will result in an uneven distribution of the workload.

Course Format:

Lectures, case studies, guest presentations, assigned reading and discussion are the main teaching methods used in this course.

Textbook:

Shapiro, Carl; and Hal R. Varian. 1999. *Information Rules: A Strategic Guide to the Network Economy*. Boston, Massachusetts: Harvard Business School Press. A request has been made for this text to be stocked by the University book shop. It is also available from Amazon.com.

Students may also find the following useful: McMillan, John. 2002. *Reinventing the Bazaar: a natural history of markets*. New York: W.W. Norton and Company. This text is also recommended for MMBA579.

Reading material:

A CD of case studies, readings and background material will be available prior to the first class. The CD contains a large number of supporting papers organised around the themes of the course. It is not anticipated that all of the papers will be read for the course. The papers are provided in order to support lecture material and to provide inspiration and/or a starting point for individual research projects. However, students may find it helpful to read the Southfresh case study and scan the following papers in the Background Economics folder preparation for the first session:

Quah Digital Goods

Galbi Economics of Personal Activity

Arrow Empirica

Arrow Increasing Returns

Course Assessment:

A participant's overall grade for this course will be determined as follows:

- | | | | |
|-----|------------------|-----|------------------------------------|
| (A) | Research Paper | 75% | due 5pm June 25 th 2008 |
| (B) | Group Case Study | 25% | presented in class May 3 2008 |

A Research Paper (75%)

Submission date 25 June 2008

Each participant will be required to prepare a detailed practitioner-based research paper of no more than 10,000 words. Either of option 1 or option 2 may be selected.

Option 1.

Participants will be required to select one specific information product or electronic commerce application or process, either existing or proposed. The product or process will be produced by a firm, but the application or process may occur within a firm, between a small number of firms, or within an industry. The participant does not necessarily require access to the firm/industry if publicly-available information supporting the application exists. However, if a firm case study is proposed, then access may be required.

Using publicly-available and/or inside information, the participant will be required to:

1. identify and analyse the theoretical justifications supporting the development of this product or application
2. identify, analyse and assess the strategic and operational consequences for the firm/industry arising from the introduction of this application/product/process
3. draw conclusions and lessons from this analysis about the future viability of this product/application/process for this firm/industry, and other firms and industries where this application may be utilised.

For example,

- an electronic marketplace for the US car parts market (Covisint)
- B2C electronic commerce in Amazon
- supply chain integration at Cisco

- substituting digital information for human information in the health sector
- research and development processes in a multi-national firm

Option 2.

Participants will be required to select one government or industry policy (this may be a New Zealand-specific policy, one from another country, or one from a policy umbrella organization such as the OECD, APEC or the EU) which addresses an issue related to the changing uses of information. The policy may be one which has been enacted, or one that is at this stage only proposed.

The participant will be required to:

1. identify and analyse the theoretical justifications for and against the adoption of this policy
2. analyse the environment in which this policy is designed to operate
3. identify and assess the likely consequences of the enactment of this policy (or actual consequences, if the policy has been already enacted).

For example:

- universal provision of broadband technology to all United States households
- New Zealand government investment in the venture capital market as a means to stimulate the domestic information economy
- the effect of the EU privacy laws upon the development of global electronic commerce
- OECD taxation policy for an electronic world

I am happy to discuss projects with individual students. Students will be expected to meet with me at least three times (each meeting will be around half to one hour) during the semester at mutually agreed times for project supervision. The first meeting will be in March to formalise the project topic. Participants will be required to submit a written essay proposal (email is satisfactory) by March 31. A progress meeting will be held in the week prior to the May 3 & 4 workshop. A further progress/completion meeting will be scheduled for early June.

Final submission date is **25 June 2008**. No late submissions will be accepted as this is the last date possible to ensure marking can be completed in time to meet Registry requirements.

B Group Case Study (25%)

Presented in class May 3.

At the March 1 class, case studies of firms using electronic commerce applications will be assigned to groups of 3-4 participants. At the May 3 class, each group will have 1 hour to present their analysis to the group. Based upon the themes of the course, the analysis will explore the nature of the products and applications, the strategic justifications for their use, an assessment of the likely or actual outcomes for the firm, and a plan for future developments.

The group presentation will be assessed on the basis of:

Presentation style and quality (to the level expected of a managerial presentation to the Board of Directors)

Involvement of all group members
Evidence of independent research
Identification of the key facts
Identification of key issues and challenges for managers
Relevance to the themes of the course
Level of understanding of the strategic and managerial issues
Leadership in the subsequent discussion.

Late Assignments

In fairness to other students, work submitted after the deadline will be subject to a penalty of 5% of the total marks available per day of lateness. Assignments more than one week late will not be accepted. A “zero” mark will be applied. In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), students should discuss waiver of the penalty with the course controller prior to the deadline date.

Mandatory Course Requirements

To meet the mandatory course requirements for MMBA 574, students are required to attend classes, participate in the group case study and submit the research report.

Victoria MBA Grading Standards

- Victoria MBA - **Excellent** Category
A (80 – 85%) to A+ (above 85%): The quality is performed to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master’s level.
- Victoria MBA - **Very Good** Category
B+ (70 – 74%) to A- (75 – 79%): The quality is performed at a high standard. Students have reached a level which clearly exceeds “competency”.
- Victoria MBA - **Good** Category
B- (60 – 64%) to B (65 – 69%): The quality is clearly demonstrated without being exceptional in any way. Students can be thought of as competent in respect of this quality.
- Victoria MBA - **Satisfactory** Category
C (50 – 54%) to C+ (55 – 59%): The quality is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to “fail” the student on this quality.
- Victoria MBA - **Unsatisfactory** Category
E (0 – 39%) to D (40 – 49%): The quality is absent or performed to a very low level, or the performance is seriously flawed in this respect.

Individual Work

While the Victoria MBA programme has a tradition of study group collaboration, there are important elements in the assessment process that are strictly individual. Collaboration on individual assignments is not allowed beyond general discussion as to how one might interpret the nature of the assignment question. Please do not work together to formulate a response and do not loan out your completed assignments.

Plagiarism

The Victoria MBA programme views plagiarism as a serious offence. Students who plagiarise put themselves at risk of expulsion from the programme.

PROVISIONAL SCHEDULE OF LECTURES
 (* indicates subject to presenter availability)

Session	Theme	Lecturer
1. March 1 am	Course Introduction Introduction to Information Economics: <ul style="list-style-type: none"> • economic characteristics of information • ‘Commodity Information’ vs ‘Information Commodity’ • information asymmetries and risk 	Bronwyn Howell
	Risks and challenges for information goods <ul style="list-style-type: none"> • scale effects • property rights • standards, lock-in etc. • network effects 	Bronwyn Howell
2. March 1 pm	Competitive processes and Information Goods <ul style="list-style-type: none"> • reviewing monopoly, competition, monopolistic competition • price discrimination and bundling • two-sided markets 	Bronwyn Howell
	iPredict Market case study	Matt Burgess
3. March 2 am	Technology Diffusion: technological progress, economic growth and determinants of diffusion	Bronwyn Howell
	Information and Telecommunications Networks	Bronwyn Howell
4. March 2 pm	‘Southfresh’ case study	Bronwyn Howell
	Strategy and the Information Economy	Mark Obren
5. May 3 am	Business to Business (B2B) applications ‘New’ products, ‘new’ formats and ‘new’ methods: ‘new’ clothes for ‘old’ emperors? Supply chain management, clusters, networks and alliances	Bronwyn Howell
	Business to Consumer (B2C) applications: Advertising and selling, web pages, brochure-ware and other information products	Bronwyn Howell
6. May 3 pm	Group case studies	Class
	‘Planet Skin’ case study	Bronwyn Howell
7. May 4 am	Marketing information goods ‘Metra’ Case Study	Bronwyn Howell
	Intellectual Property Law for an Information Economy	Susan Corbett*
8. May 4 pm	Information and Global Competition: the Globalisation debate	Bronwyn Howell
	Governance and ‘e’-government in a globalising world	Bronwyn Howell

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building on the ground floor (EA005). This counter is the first point of contact for :

- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.victoria.ac.nz/home/about/policy/students.aspx

For information on the following topics, go to the Faculty's website www.victoria.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means *no cheating*. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other students or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website:

www.victoria.ac.nz/home/studying/plagiarism.html

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842