***38:578:507 Strategic Corporate and Industry Research***

Instructor: Ahmer Qadeer

Office Hours: before class and by appointment.

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Class Time T & Th 6-10 pm: Room 115 LEC

SYLLABUS Summer 2016

**Required Text:**

# ***The Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism by*** [***Arun Sundararajan***](https://www.amazon.com/Arun-Sundararajan/e/B01DJOXRNU/ref=dp_byline_cont_book_1)

This book is about the sharing economy, but the methods taught in the course are used more broadly. We will be using sharing economy firms as teaching examples and this book will help you develop a critical perspective about the sector.

**SMLR and MLER Learning Objective for the Course:**

Demonstrate an ability to collect, analyze and synthesize information to make logical and informed decisions. Use evidence to evaluate hypotheses, theories and approaches to employment relations or workplace issues. (Goal III Research Skills)

**Course Specific Learning Objectives**

The purpose of this course is to provide an overview of methods used to investigate firms, their profitability, sales, employment, wages and employee relations; and to develop familiarity with other aspects of strategic corporate research.

*While we will be using the sharing economy as an example, the methods of analysis that you will learn in this course can be applied to many other firms, industries and situations.*

To facilitate learning analytical techniques, we will analyze firms in the sharing economy with a focus on firms that have operations in New Jersey.

**Background on the sharing economy**

For our course, a working definition of the sharing economy can be found in the article, *The Rise of the Sharing Economy* published in The Economist. The article describes the sharing economy this way:

*Technology has reduced transaction costs, making sharing assets cheaper and easier than ever—and therefore possible on a much larger scale. The big change is the availability of more data about people and things, which allows physical assets to be disaggregated and consumed as services. Before the internet, renting a surfboard, a power tool or a parking space from someone else was feasible, but was usually more trouble than it was worth. Now websites such as Airbnb, RelayRides and SnapGoods match up owners and renters; smartphones with GPS let people see where the nearest rentable car is parked; social networks provide a way to check up on people and build trust; and online payment systems handle the billing.*

*Just as peer-to-peer businesses like eBay allow anyone to become a retailer, sharing sites let individuals act as an ad hoc taxi service, car-hire firm or boutique hotel as and when it suits them. Just go online or download an app. The model works for items that are expensive to buy and are widely owned by people who do not make full use of them. Bedrooms and cars are the most obvious examples, but you can also rent camping spaces in Sweden, fields in Australia and washing machines in France. As proponents of the sharing economy like to put it, access trumps ownership.*

The full article can be accessed here and should be read for the first class:

<http://www.economist.com/news/leaders/21573104-internet-everything-hire-rise-sharing-economy>

Some of the major firms in the sharing economy are Uber, AirBnB, TaskRabbit, ZipCar and Rent the Runway. Most of these firms use internet based sharing platforms to connect buyers of goods and services with providers, but it is not their use of technology that makes them part of the sharing economy. Rather it is the lack of an asset base, informal employment arrangements and the use of crowd-sourcing for sales and service provision.

Over the semester, you will read excerpts from several books as well as articles about the sharing economy. You will also learn techniques for analyzing labor, firms and industries; and apply these techniques to a sharing economy firm of your choice.

The results from using these analytical techniques often form the basis for reform strategies used by unions, NGOs, activist investors, rival firms, policy advocates, political campaigns and media outlets in efforts to get firms to change practices, policies or key personnel. You will have to use your informed imagination to think through how these analytical techniques can shape strategy.

By the end of the course you should be able to answer the following questions and support your answers with cogent analysis.

**Course Research Questions:**

* What is the sharing economy? What distinguishes it from other parts of the economy?
* What are the major firms in the sharing economy? What do new regulations or legislation mean for workers and firms in the industry?
* What firms, industries and workers are sharing economy firms disrupting or replacing?
* What is the structure of labor costs in these firms and what trends or pressures do we think will impact these costs?

**Evaluation:**

Grades are based on the following assignments:

* 35% 8 In-Class Assignments (Lowest grade will be discarded)
* 15% 4 Reading reaction papers due every Thursday of 1-2 pages. (Lowest grade will be discarded)
* 15% Midterm Presentation – Draft final project presentation in class
* 35% Final Project and Presentation

**Assignments**

There will be 9 in-class assignments, your lowest grade will be discarded, so this grade will be your best 8 grades out of 9 assignments. There will be some group assignments and some individual assignments. All group members will receive the same grade. These assignments will be completed in class.

**Reading reactions**

Each week, except for the final week, students must submit a 1-2 page written reaction to the strategy readings and class discussions through the Sakai dropbox. Your lowest grade will be discarded. The reading reaction papers are due on Thursday of each week. The questions to address in the reaction are listed on the syllabus.

**Midterm Presentation**

The midterm presentation will be a draft of your final project that incorporates material

we have worked on up to that point. It is worth 15% of your grade. It is wise to try the methodological techniques we learn on your company shortly after the lecture, that way you can practice them on your firm and prepare for the mid-term and final presentation. You will be evaluated on how well you apply the analytical techniques you’ve learned in class as well as your understanding of the sharing economy and firm of your choice.

**Final Project**

Your final project will be a presentation and paper on a sharing economy firm of your choice. **In the presentation and paper, you will have to demonstrate a working knowledge of all the methods taught over the course of the semester.**

Your final paper will be a response to a question of strategy involving your firm. The questions will be given out after the mid-term. Your paper should be about 10 pages and include an appendix with summary information about your firm; as well as a demonstration of the analytical techniques we have learned in class. This will be discussed in further detail in class.

**Course Structure, Readings and Lectures:**

This course will have three sections: *Industry Analysis, Firms and Regulation,* and *Labor Costs*. At the end of each section you should be familiar with methods that correspond to the topic. You will learn these techniques through in-class exercises, work on your final project, and readings.

Below is a summary of the course section and the methods I expect you to know by the completion of those sections.

1. ***Industry Analysis-***  Market share analysis, industry structure and Hernfindahl-Hirschman Index calculations – CR, HI, SSNIP
2. ***Firms and Competition –***Financial statement analysis (finances) and firm performance metrics (operations) -
3. ***Analysis of Labor Costs –*** Labor costing and researching working conditions

The schedule of lectures, readings and topics is at the end of this section. I use a flipped classroom methodology, meaning that you should come to class prepared by doing the readings, accessing video/audio lectures and gathering data for your assignments. In class, we will focus our time on synthesizing the readings, learning methodological techniques and discussing the sharing economy. If you have not done the work before class, you will be ill-prepared for that day’s class.

The weekly reading assignment will be a mix of a reading on the sharing economy, a reading on methodological techniques, a newspaper or magazine article and a short video or audio clip. There are 40-70 pages of reading per lecture make sure you allow sufficient time to complete the readings.

The lectures will be a mix of presentation, discussion and in-class exercises. Please be prepared to participate.

***Introduction and Industry Analysis***

**Tuesday, May 30th - Course Overview and learning objectives**

* Discuss learning objectives, structure of the course and expectations about assignments, readings and grading.
* We will be viewing and discussing Emily Cantor’ s lecture here: <https://www.youtube.com/watch?v=I_hzH5imb_E> and reading Katie Unger’s article which can be found here:

<http://citylimits.org/2016/03/04/no-backspace-the-only-thing-new-about-uber-is-whos-making-money-off-it/>

**In-Class Exercise 1:** Identify sharing economy companies **(5% of Grade)**

**Thursday, June 1st** – **Identifying markets and industries**

**Reading Reaction 1:** *Name of company that you are going to study and write a 1 -page synopsis of what the company does, who owns the company, and who works at the company.* **(5% of Grade)**

**In-Class Exercise 2:** Identifying a market or industry **(5% of Grade)**

**Readings:**

* Sharing Economy Reading: The Sharing Economy: Introduction & Chapter 1 (Pages 1-46)
* Methodology Reading: Industrial Organization: Market Structure and Market Power (Pages 47-63)
* Strategy Reading: American anti-trust institute profile of Albert Foer from NY Times (5 pages)

**Tuesday, June 6th – Market & industry structure**

**In-Class Exercise 3:** How to find market share data. **(5% of Grade)**

**Readings:**

* Sharing Economy Reading: The Sharing Economy: Chapter 2 (Pages 47-68)
* Methodology Reading: <http://www.justice.gov/atr/15-concentration-and-market-shares>
* Strategy Reading: AT&T / T Mobile brief by Communications Workers of America [https://ecfsapi.fcc.gov/file/7021649539.pdf (7](https://ecfsapi.fcc.gov/file/7021649539.pdf%20(7) pages)

**Thursday, June** 8th – **Market & Industry Structure**

**Reading Reaction 2:**

1. *Please write a short synopsis of how your company is trying to build trust with users, where it is in Botsman’s 4 quadrants and where you think your company fits in the market, hierarchies, hybrid paradigm from Chapter 3.* **(5% of Grade)**

**In-Class Exercise 4:** Calculating CR, HI and SSNIP **(5% of Grade)**

**Readings:**

* Methodology Reading: Davis, Peter J., and Eliana Garcés. *Quantitative Techniques for Competition and Antitrust Analysis*. Princeton, NJ: Princeton UP, 2010 ( Pages 161-229.)

***Firms and regulation***

**Tuesday, June 13th – Firms and operations**

**In-Class Exercise 5:** Analyzing a firm’s finances and operations **(5% of Grade)**

**Readings:**

* The Sharing Economy: Chapters 3 & 4 (Pages 69-102)
* Little, Jeffrey B., and Lucien Rhodes. *Understanding Wall Street*. New York: McGraw-Hill, 2004 (Pages 1-52)

**Thursday, June 15th – Regulation**

**Reading Reaction 3:** *Please write a short synopsis of how you think your company compares to others in its industry. What advantages or disadvantages does your company have and how will that be reflected in financial and operational measures.* **(5% of Grade)**

**In-Class Exercise 6:**  Analyzing the impacts of regulation **(5% of Grade)**

**Readings:**

* The Sharing Economy: Chapters 5 & 6 (Pages 103-158)
* Strategy Reading: <https://skift.com/2016/08/01/the-manifesto-for-a-common-sense-approach-to-regulating-airbnb/>(7 pages)

**Tuesday, June 20th**  - **Mid-term Presentations**

Presentations on your companies **(15% of Grade)**

**Thursday June 22nd - Cost of Labor**

**Reading Reaction 4:**  *Please write a short reaction of how you think the company you are studying differs in labor costs from competitors.* **(5% of Grade)**

**In-Class Exercise 7:**  Calculating cost of labor at a firm; and investigating working conditions **(5% of Grade)**

**Readings:**

* The Sharing Economy: Chapters 7 & 8(Pages 159-202)
* Better, Maurice. *Contract Bargaining Handbook for Union Leaders*. BNA, 1993, Chapter costing contract proposals page labor costs section 161-175

**Tuesday June 27th – Strategy and analysis – some examples**

**In-Class Exercise 8:**  Delineating Herbalife and Volkswagen research **(5% of Grade)**

**Readings:**

* The Sharing Economy: Chapter 9 (Pages 203-208)
* Strategy Reading: Herbalife and Bill Ackman <https://www.nytimes.com/2014/03/10/business/staking-1-billion-that-herbalife-will-fail-then-ackman-lobbying-to-bring-it-down.html>
* Strategy Reading: Organizing at Volkswagen: A Critical Assessment

**Thursday, June 29th - Final Presentations**

Final Presentations **(35% of Grade)**

**Thursday, July 6th –** Final Presentations Part II **(35% of Grade)**

**Questions, emails and adjustments:**

If you email me with questions I will do my best to respond within 24 hours. I welcome questions and clarifications and discussion about the course material.

If you are emailing me to inform me of an absence, please leave ample time for a response. I will not be checking my email immediately before class begins.

If you think a mark should be adjusted, please be aware that any reconsideration of a grade will involve a reevaluation of the assignment not just a single question or answer and please know that it may take me longer than usual to respond.

Academic Integrity: All students are responsible for locating, reading, and abiding by the University Policy on Academic Integrity for Undergraduate and Graduate Students. The policy is available on-line at <http://cat.rutgers.edu/integrity/policy.html>