



Course program and reading list

Semester 7 Year 2023

School: Arison School of Business MBA

Strategic Thinking

Lecturer:

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Teaching Assistant:

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Course No.:	Course Type :	Weekly Hours :	Credit:
2900	Lecture	4	2
Course Requirements :	Group Code :	Language:	
Final Exam	238290000	English	



Course Description

Decision-making in interactive situations is the subject matter of thinking strategically or game theory. The types of interactions to which this theory applies are many and varied. Individuals engaged in electing a chairperson of an organization, employers and employees negotiating terms of employment, competing firms, parties in the parliament, or countries in conflict are all examples on which game theory can shed light. The objective of the course is to provide basic tools of game theory that will enable a student to analyze various strategic interactions and to help him/her to choose strategies properly.



Course Goals

Course Subjects

1. Dominant strategies, or when it is possible to disregard competitors
The prisoner's dilemma – why does he confess?
Applications to cartels. Why do some cartels collapse?
Is the more the better?
 2. Strategic dominance relationship
Strategic voting in the board of directors
Second price auction
How to think about what my competitor thinks about what I think about him....
 3. Strategic equilibrium
What will happen to the traffic if we close Sixth Avenue? One has to see to believe it
Traffic equilibrium and its application
Asymmetric of information
Auctions: first and second price sealed bid auctions, the English and Dutch
 4. First and second price auctions, English and Dutch Auctions, common and private values, The winner's curse, Merger and acquisition, and Tender offers.
 5. Dynamic competition
The backward induction principle
Perfect Equilibrium, or otherwise your threats do not frighten me
The value of information under strategic conflict; Is it possible to disregard the information in interactive situations?
 6. Stable matchings in two-sided markets
 1. How the hospital-residents market in the US collapsed
 2. Are men better off wooing women or are they just making fools of themselves?
 3. The organ (kidney) transplants, who donates to whom? Stable matching
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Grading

There will be one final exam. Open notes are allowed.



Reading List

Bibliography

1. Brandenburger, B. and B. Nalebuff, *Co-Opetition: A Revolution Mindset The Combines Competition and Cooperation*, (1997)

2. Dixit, A. and B. Nalebuff, *Thinking Strategically*, Norton (1991). Highly recommended.

3. Dixit, A. and B. Nalebuff, *The Art of Strategy*, (2008)

4. Dixit, A., D. Reiley and S. Skeath, *Games of Strategy*, (2009)

5. Yair Tauman, Lecture Notes

None of the books above is a requirement. The second book of Dixit and Nalebuff is highly recommended. All books can be found in Amazon.com.