Course Outline

Course Code : BSE3702
Course Title : Economics of Strategy in the Age of AI
Semester : Semester 1, Academic Year 2026/27
Faculty : Dr. Xu Le
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Overview

The emergence of artificial intelligence, digital platforms, big data analytics, and autonomous decision systems is transforming how firms compete, create value, and sustain competitive advantage. While technologies evolve rapidly, the economic principles underlying firm behavior, market competition, incentives, and strategic positioning remain essential for understanding business strategy.

This course examines strategic decision-making through the lens of economics while incorporating AI-enabled business transformation. Students will learn how economic principles can be applied to analyze firm boundaries, competitive interactions, market structure, organizational design, and value creation in increasingly digital and AI-enabled environments.

The course introduces students to the strategic use of AI and digital intelligence in business decision-making The course prepares students to become managers and decision-makers capable of orchestrating economic analysis, digital tools, and AI-enabled decision systems to create sustainable competitive advantage in a rapidly changing business environment.

Course Objectives

The main objective of the module is to help students to deeply understand the working of models and to connect the theoretical insights with practice. These models, often simple and yet powerful, can be applied to a broad range of real-world business problems. By the end of the semester, students should be able to

- Determine the boundaries of the firm and evaluate strategic make-or-buy decisions in both traditional and digital business ecosystems.
- Conduct market and competitive analysis using economic frameworks and AI-assisted analytical tools.
- Design strategic positioning and competitive advantage strategies in platform-based markets.
- Evaluate the impact of artificial intelligence, digital platforms, and data-driven business models on industry structure and competitive dynamics.
- Integrate economic reasoning, human judgment, and AI-generated insights to formulate evidence-based strategic recommendations

General Guide & Reading

- David Dranove, David Besanko, Mark Shanley, Scott Schaefer, *Economics and Strategy*, 7th Edition, Wiley.
- Recommended readings and videos will be available through NUS Canvas.

Please take note that the textbook is an important learning resource. All cases and examples discussed in class are based on the theory explained in the book. You are strongly encouraged to read the relevant chapters. The concepts and models explained in the book lays an important foundation for our teaching and learning activities. In class, we will focus on discussing examples and cases.

Assessment

Assessment Components	Weightage
Case presentation	20%
Class participation	20%
Assignment 1(Online) + Assignment 2(Online)	15%+15%
Final Test	30%

Academic Honesty & Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else’s work or ideas and passing them off as one’ own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubt, you should consult your instructor.

Additional guidance is available at:

- http://www.nus.edu.sg/registrar/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct
- http://nus.edu.sg/osa/resources/code-of-student-conduct

About me . . .

Dr. Xu Le is a lecturer at the Department of Strategy and Policy at the National University of Singapore (NUS) Business School. She is scholar of regional and global economy with over ten years of research and educational experience. She received her PhD in Economics from the University of Manchester and her research interests include microeconomics, macroeconomics and game theory. She serves as the coordinator of the Business Economics specialization in the department and conducts lectures on strategy of economics, global economy and managerial economics. She has also served as an economic consultant to some business entities in China and has rich knowledge about China's economy and its business environment.

As an Economics expert, she actively comments on current affairs and has authored numerous opinion pieces for various publications including ThinkChina, Lianhe Zaobao, The Business Times, and The Strait Times. Due to her expertise in the field, she is frequently invited to share her insights on economic topics across various media platforms such as Chanel 8, City 958, BBC and Money FM.

Schedule and Outline

Lesson/ Week	Topic	Activity
1	Course Overview and the Horizontal Boundaries of the Firm in the Digital Economy	
2	Vertical Boundaries of the Firm in the Digital Economy	
3	Integration and Its Alternatives	
4	Competitors and Competition in AI and Platform Markets	
5	Entry and Exit Dynamics	
6	Strategic Positioning for Competitive Advantage I	Assignment 1 Due
Recess Week		
7	AI-Driven Strategic Positioning	
8	Information and Value Creation with AI	
9	Sustaining Competitive Advantage	
10	Performance Measurement and Incentives	
11	Presentation: Topic 1-4	Case presentation &Assignment 2 Due
12	Presentation: Topic 5-8	Case presentation
13	Final Test (During normal class time) The details will be announced in week 11.	Final Test