



**CARLETON UNIVERSITY
SPROTT SCHOOL OF BUSINESS
BUSI 5803 / SECTIONS A & B
FALL 2015
MANAGERIAL ECONOMICS**

Instructor: WILLIAM CLEMENTS
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Course meets:
Section A: 2:35 PM – 5:25 PM, Tuesdays, commencing 03 Nov. 2015, DT 328
Section B: 8:35 AM – 11:25 AM, Thursdays, commencing 05 Nov. 2015, DT 328

Pre-requisites & precluded Courses:

Course Calendar description from the 2015/2016 University calendar:

BUSI 5803 [0.25 credit] Managerial Economics

The application of economic principles and methodologies to business decision problems. The logic and consequences of consumer and producer decision-making and the resultant market outcomes.

Precludes additional credit for BUSI 5604.

Course Description:

The Managerial Economics course uses the principles of economics to address important issues in the business world today. These economic principles are applied to study cases and selected readings. The cases will be analysed and discussed in the seminars. The goal of this course is to provide students with an understanding of the major economic concepts, combined with an understanding of how to use economics as framework in making decisions.

This course is a Seminar on Managerial Economics. Students are required to read the case studies prior to class. And, in class students are expected to contribute to discussions and to have questions, and to share experiences using current examples from other sectors or other countries. Given the global dimension to business and a multi-cultural student body at Sprott School of Business, the cases should be interesting, topical, and current.

Learning Objectives:

Managerial Economics builds on micro-economics and macro-economics by considering various dimensions to management behaviour and management decisions.

Students that complete the course will have solid understanding of major economic concepts. Papers and an exam will demonstrate this, in order to be able analyse business problems using these concepts post-graduation. Therefore it is also anticipated that some/many of these concepts will make a lasting impression and carry-forward to your careers.

The key concepts covered in Business 5803 are:

- The fundamentals of supply and demand,
- How demand is quantified, and concept of demand elasticity
- The decision managers face in optimizing/minimizing production costs,
- The structure of markets and the existence of market imperfections,
- The application of Game Theory in business decisions, and
- The determinants of monetary policy and interest rates.

Reading(s)/Textbook(s):

The text is available in electronic form from McGraw-Hill publishing. Our e-book incorporates eleven (11) chapters, in whole or in part, from Managerial Economics and Business Strategy by Baye & Prince, 8th Edition, and two (2) chapters from Macroeconomics, by McConnell et al, 13th Cdn. Edition. The e-text is required for this course.

Title: Managerial Economics
School: Carleton University
Primary Instructor: William Clements

1. Go to <http://create.mheducation.com/shop/>
2. Search for and select book by Title, ISBN, Author, or State/School. ISBN: 9781308671413
3. Add the book to your cart and pay using a credit card or access code.

Course Requirements & Methods of Evaluation:

Grading Scheme:

➤ <i>Individual Assignments, two (2) discussion papers valued at 10% each</i>	<i>20%</i>
➤ <i>1st Group Assignment</i>	<i>25%</i>
➤ <i>2nd Group Assignment</i>	<i>25%</i>
➤ <i>Final Exam</i>	<i>30%</i>
<i>Total:</i>	<u><i>100%</i></u>

Policies on Discussion Papers, Group Assignments, Exam:

The Individual Assignments in weeks 1 & 2 will focus on the respective economic principle under discussion. Students will prepare a summary of the economic concept as applied to a specific problem. Any assignment not completed on time will have zero (0) marks – unless supported by medical certificate.

Students unable to fully complete either of the Group Assignments will have their marks pro-rated, according to Carleton University policies.

Student Responsibilities and Commitments:

Students are required to read the case studies and have questions or observations prepared for discussion in the seminar. Students are therefore expected to be prepared for the class, and to contribute to the discussions and debates. Projects must be completed by the assigned date.

Students are expected to work in different groups for the papers and assignments.

Professor's Responsibilities and Commitments:

The discussions in class should be topical and informative. The course material and readings will apply the economics concepts to challenges and opportunities in the world today.

Note: reading material will be provided through cuLearn in .pdf format.

Drop Course Policy:

The deadline for academic withdrawal is the last day of classes (each term).

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and/or appropriate document/s to support the reason for the deferral. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.

Course Schedule:

Week	Topic/Agenda	Preparation Material
1	<p>Topic: Understanding Demand & Supply</p> <ul style="list-style-type: none"> • Introduction to Economics for Managers • Introduction to Demand & Supply <p>Application: What is your MBA worth? Business media now put forward serious questions on the value of an MBA, and the direction (the mission statement) of the numerous Business Schools that offer an MBA.</p> <p>Universities are faced with changing Demand for MBA education – and they put forward a range of responses.</p>	<p>TEXT: <u>Managerial Economics and Business Strategy</u></p> <p>Chapter 1 – <i>Fundamentals of Managerial Economics</i></p> <p>Chapter 2 – <i>Market Forces: Demand and Supply</i></p> <p>“Price-Quantity Determination” – Harvard Business Publishing.</p> <p>READINGS – Required</p> <p><i>Canada’s MBA problem: How business schools are fighting to stay relevant</i></p> <p>READINGS – Suggested</p> <p><i>Excellence v. Equity – The Economist</i> http://business.financialpost.com/executive/business-education/is-an-mba-worth-it-what-business-school-can-do-for-your-salary-in-2014</p>
2	<p>Topic: <u>Quantifying Demand</u></p> <ul style="list-style-type: none"> • Concept of Elasticity • Consumer Behaviour: Preferences & Opportunities; Indifference Curves <p>Application: Managing finite resources, such as water, in Canada, in California, and in China</p>	<p>TEXT: <u>Managerial Economics and Business Strategy</u></p> <p>Chapter 3 – p. 77 – 99 <i>Quantitative Demand Analysis</i></p> <p>Chapter 4 – <i>The Theory of Individual Behaviour</i></p> <p>READINGS – Required</p> <p><i>Economic Instruments for Water Management in Canada – Sustainable Prosperity, Sept 2011</i></p> <p>READINGS – Suggested</p> <p><i>China’s Water Crisis – The Economist, Sept. 2014</i></p>

Week	Topic/Agenda	Preparation Material
3	<p><u>Topic: The Firm and The Nature of Industry</u></p> <ul style="list-style-type: none"> • Production Theory & Cost Analysis • Optimizing Inputs and Outputs • Production Process, and Managing Production Costs • Externalities and Public Goods <p><u>Application:</u> Off-shoring is a form of labour-capital trade-off. The net benefit is now becoming questionable.</p> <p>Many companies are examining “re-shoring”, which means returning to their country of origin.</p>	<p>TEXT: <u>Managerial Economics</u></p> <p>Chapter 5 – <i>The Production Process and Costs</i></p> <p>Chapter 7 – p. 245 – 256 <i>The Nature of Industry</i></p> <p>Chapter 14 – p. 534 – 538 <i>Externalities</i></p> <p>READINGS – Required</p> <p><i>Article on Globalization of Health Care</i></p> <p>READINGS – Suggested</p> <p><i>“The Off-Shoring of America”</i> - Harvard Business Publishing</p>

Week	Topic/Agenda	Preparation Material
4	<p><u>Topic: Market Structures and Marketing</u></p> <ul style="list-style-type: none"> • From Full Competition to Monopoly • Price Discrimination <p><u>Application:</u> Oligopolies in large commercial airline manufacture.</p> <p>We look into the existing Oligopoly, dominated by Airbus and Boeing, and we consider the dynamics of a new entrant: Bombardier.</p> <p>CASE: Bombardier ‘C’ Series Aircraft</p>	<p>TEXT: <u>Managerial Economics</u></p> <p>Chapter 8 – <i>Managing in Competitive, Monopolistic, and Monopolistically Competitive Markets;</i></p> <p>Chapter 9 – <i>Basic Oligopoly Markets</i></p> <p>READINGS – Required</p> <p><i>Articles on competition in the airplane manufacturing industry.</i></p> <p>READINGS – Suggested</p> <p><i>“Competitor Analysis: Anticipating Competitive Actions”</i> – Harvard Business Publishing</p>

Week	Topic/Agenda	Preparation Material
5	<p data-bbox="358 226 764 289"><u>Topic: Strategic Thinking, Markets & Pricing Strategies</u></p> <ul data-bbox="358 331 594 436" style="list-style-type: none"> • Market Power • Game Theory • Auctions <p data-bbox="358 478 800 604"><u>Application:</u> Canadian wireless spectrum auctions; applying game theory and considering competitors' actions.</p> <p data-bbox="358 636 800 699">CASE: Industry Canada Wireless Spectrum Auction 2014</p>	<p data-bbox="847 226 1284 258">TEXT: <u>Managerial Economics</u></p> <p data-bbox="847 289 1224 321">Chapter 10 – Game Theory;</p> <p data-bbox="847 352 1471 415">Chapter 11 – Pricing Strategies for Firms with Market Power</p> <p data-bbox="847 447 1175 478">READINGS – Required</p> <p data-bbox="847 510 1365 573"><i>Article on the 2013 Auction for Wireless Spectrum in Canada</i></p> <p data-bbox="847 604 1187 636">READINGS – Suggested</p> <p data-bbox="847 667 1419 730"><i>“Note on Microeconomics for Strategists” – Harvard Business Publishing</i></p>

Week	Topic/Agenda	Preparation Material
6	<p data-bbox="358 833 764 896"><u>Monetary Policy and Interest Rates</u></p> <ul data-bbox="358 938 740 1117" style="list-style-type: none"> • Monetary Policy; Money Supply & Interest Rates • Past, Present, and Future directions for interest rate changes. <p data-bbox="358 1148 800 1274"><u>Application:</u> we examine the Central Banks' monetary policies; and apply this to an up-coming monetary policy decision.</p> <p data-bbox="358 1306 740 1400">CASE: U.S. Federal Reserve Governors 'Fed Funds' Rate Decision</p>	<p data-bbox="847 833 1211 865">TEXT: <u>Macroeconomics</u></p> <p data-bbox="847 896 1430 959">Chapter 12 – Money, Banking, and Money Creation</p> <p data-bbox="847 991 1427 1054">Chapter 13 – Interest Rates and Monetary Policy</p> <p data-bbox="847 1085 1175 1117">READINGS – Required</p> <p data-bbox="847 1148 1414 1243"><i>Articles on the Bank of Canada and the U.S. Federal Reserve decisions on interest rate policies.</i></p> <p data-bbox="847 1274 1187 1306">READINGS – Suggested</p> <p data-bbox="847 1337 1398 1432"><i>Who wins and who loses when the Bank of Canada finally raises its key interest rate – Financial Post, Dec 2014</i></p>

Deliverables during the Course:

There will be a scheduled exam following Week 6.

Individual Assignments: Two (2) Individual Assignments are required during the course. These assignments will require (a) some theoretical discussion, and (b) a summary analysis of the discussions in the class. These are to be no more than two (2) pages in length, double-spaced and single-sided.

Group Projects: There are two (2) group projects. These may be done in groups of three (3) or four (4) students. These group assignments will focus on themes developed in each of the course seminars. Each group will address a problem or propose a decision on an issue, based on an economic concept.

The group assignments will be between five (5) and ten (10) pages in length, double-spaced and single-sided. Appendices may be additional to these pages.

ADDITIONAL INFORMATION

Course Sharing Websites

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

WDN = Withdrawn from the course

ABS = Student absent from final exam

DEF = Deferred (See above)

FND = (Failed, no Deferred) = Student could not pass the course even with 100% on final exam

Academic Regulations, Accommodations, Etc.

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodations

For Students with Disabilities:

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made.

For Religious Obligations:

Students requesting academic accommodation on the basis of religious obligation should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory event.

Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

For Pregnancy:

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure in the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.

Important Information:

- Students must always retain a hard copy of all work that is submitted.
 - All final grades are subject to the Dean’s approval.
 - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, it would be easier to respond to your inquiries if you would send all email from your Carleton account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>
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