

MBAD 6112 U90
Economics of Business Decisions
Fall 2023
Monday | 5:30-8:15 pm | Room 606 | The Dubois Center (Uptown)

Instructor: Dr. Thomas K Swift, Lecturer

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Office Hours: One hour before class and Monday 9 am – 11 am & Friday 11 am – 1 pm via phone or Zoom; Also by appointment

Prerequisites: MBAD 5110 and MBAD 5141 or equivalents.

Course Description: Economic concepts in the decision-making process. Topics include: scarcity; marginal analysis and tools of optimization; demand and supply analysis and market structure; economic efficiency; regression analysis; risk analysis and game theory; and international issues.

Course Objectives: This course will introduce and apply economic concepts to decision making in business. Economics is indispensable for issues that decision-makers face daily: what to produce, how and how much, at what price, how best to use resources (time, labor, capital, etc.) and how to understand markets. All decisions can be organized around two key questions: What is it worth? What must I give up to get it? I will also introduce 10 essential (and practical) economic tools to facilitate decisions by business leaders.

Textbook and Readings: The following text is required for this course:

Baye, M. and Prince, J. (2022) *Managerial Economics and Business Strategy* (10th Edition)
New York, NY: McGraw-Hill/Irwin

The text will be an excellent resource for future reference (several decades) and worth purchasing. Older editions (8th and 9th) are acceptable, as we will not be taking case studies or problem sets from the text. The principles and concepts are the same, even if the edition is 10 years old.

The following are required supplemental readings. The articles are available on-line on the UNC-Charlotte on-line library. The *Primer on Regression*, *Primer on Economic Profits*, and *Primer on Project Appraisal* (all by the instructor) as well as the *NABE Professional Conduct Guidelines* are available on Canvas. Students should read the Baye and Prince text first, then the supplemental reading.

For Class #1 (8/21/23): *NABE Professional Conduct Guidelines* (see www.nabe.com/nabe/NABE/About/Professional_Guidelines.aspx).

For Class #2 (8/28/23): *Primer on Regression* by lecturer.

For Class #4 (9/11/23): Wilkinson, Angela and Kupers, Roland (2013) "Living in the Futures" *Harvard Business Review* 91 (5), 118-127

For Class #5 (9/18/23): *Guide to Economic Indicators (pp.1-4)* by lecturer.

For Class #6 (9-35-34): *Primer on Economic Profits* by lecturer. Hirschmann, Winfred B. (1964) "Profit From the Learning Curve" *Harvard Business Review* 42 (1), 125-139

For Class #7 (11/27/15): *Primer on Project Appraisal* by lecturer.

For Class #9 (10/16/23): Porter, Michael E. (2008) "The Five Competitive Forces That Shape Strategy" *Harvard Business Review* 86 (1), 78-93 and *Guide to Industry Research* by the lecturer.

For Class #12 (11/6/23): Magee, John (1964) "Decision Trees for Decision Making" *Harvard Business Review* 42 (4), 126-138

For Class #13 (11/13/23): Sasser, W. Earl (1976) "Match Supply and Demand in Service Industries" *Harvard Business Review* 54 (6), 133-140

Supplemental voluntary (i.e., non-required) readings will occasionally be posted on Canvas. These are for reference and are selected to further illustrate managerial economic theory and course concepts to analyze a real situation.

Students will need access to a computer with MS Office (and the Analysis Toolpack enabled on MS Excel), an e-mail address, a connection to the Internet and a printer. To fully appreciate the tools we learn during class, I recommend bringing the computer to class. Also recommended:

- Calculator or mobile app, preferably one with financial/business functions. Bring this to class.

Teaching Method: A variety of teaching methods will be employed to meet course objectives. The student can expect the following:

- There is a lot of material to be covered in the semester. We must be selective and intense in utilizing our classroom time. Consequently, not every topic will be discussed in class, but the reading of all assigned material (including videos) is required to establish a foundation for subsequent lectures, and to successfully perform project tasks, assignments and the online examination.
- Prior to a class, students must read the assigned chapters and supplementary text as well as watch any assigned on-line lectures.
- A typical class will feature one or two short lectures, in-class work on case studies, problems and projects. Lectures will generally focus on theory and on applied tools.
- Students will be randomly called upon in class for discussion and to answer questions, or address pertinent hypothetical scenarios.
- Students will benefit by reading assigned material prior to class discussion and lecture.
- It is the student's responsibility to obtain all notes, handouts, and material for classes missed.
- Students will be tasked with one individual project.

Canvas: We will use Canvas to distribute lecture outlines, most readings, assignments, etc.

Course Requirements and Grading (Assessment of Learning): There are several components to grading.

- 1. Assignments** - Several individual problem sets/case studies from the text are assigned. These are lagged one week after the required reading and lecture. The due dates for these assigned problems are provided in the tentative course schedule. Students will be graded on the written problem solution associated with each. All written work shall be submitted on time. Content will not override negligent spelling, grammar or punctuation. All written work must be typed/word processed, and should demonstrate: thorough research and analysis evidenced by 1) logical and coherent data; 2) completeness of analysis; 3) clarity; 4) meaningful opinions; and 5) neatly organized and presented. Students may earn up to five (5) points for each problem set completed. Four (4) are assigned for a maximum of 20 points.
- 2. Consultant Project** - The project will be assigned on the second class (8/28/23) and will involve the student playing the role of consultant. The objective of the project is to use managerial economic theory and course concepts to analyze a real situation. A student collects data, analyzes, and develops a demand function (and forecasting model) using the tools discussed during class. Students can select an industry, company/organization, or product line and then produce a forecast. Students will prepare a written paper of the analysis. Other options include 1) a production cost analysis using regression analysis or 2) a learning

curve analysis using regression analysis. Again, students can select an industry, company/ organization, or product line. Other topics are at the discretion of the instructor.

Guidelines will be posted on Canvas. In each case, a paper will be prepared. Students will be graded on the written paper associated with each. The research papers should be 4-10 pages in length, typewritten, and formatted in APA style, also known as the *Publication Manual of the American Psychological Association* (5th Edition). An alternative is to use the Harvard system of referencing.

During class #16 (12/4/23), students will present on their project. If using slides, students are limited to one slide. One page handouts are always welcome.

3. **Mid-Term Examination** - A Mid-Term will held on 10/9/23. It covers decision-making and problem solving, production and cost, and demand analysis. The Mid-Term consists of problem solving, multiple choices, true/false, and short essay questions and tests for comprehension and application of key course concepts and content. The questions will come from class lectures and discussions and the assigned text. Students are to complete this on their own and allowed to use the assigned hand-written class notes and handouts. Students are subject to the UNC-Charlotte honor code.
4. **Final Examination** - There will be an in-class final exam on some time between 12/8/23 though 12/14/23, the date, time, and location to be determined. The exam will cover all material assigned, and/or discussed in class through 11/27/23. The Final Examination consists of problem solving, multiple choices, and true/false questions for comprehension and application of key course concepts and content. The questions will come from class lectures and discussions and the assigned text. Students are to complete this on their own and are allowed to use the assigned hand-written class notes and handouts. Students are subject to the UNC-Charlotte honor code.
5. **Participation** - Attendance is an integral component of any college course (whether in a traditional classroom setting or internet based). At UNC-Charlotte, regular and punctual class attendance is expected. Up to 10 participation points may be earned. Maximum points may be earned by regular and punctual class attendance, submitting all work on designated due dates and times, and by active participation. Additionally, students must make regular and substantive contributions to classroom discussions. The participation grade is based on substantive contributions to the class, not on mere presence in class or on the amount of talking. Students may be randomly called upon in class to answer questions. Questions and comments are welcome. A sign-in sheet will circulate each week. You are not to sign in for another student as doing so constitutes a violation of the Student Code of Conduct.

Poor attendance, untimely submission of work, or regular failure to participate in classroom discussions may lower a student's final grade. It is incumbent upon a student to inform the instructor of a legitimate conflict or emergency affecting the timely submission of projects and examinations.

Summary of Course Requirements:

Assignments/Case Studies (4 @ 5 points each)	20
Consultant Project	25
Mid-Term Examination	15
Final Examination	25
Student Participation	15
Total Possible Points	100

Grade Scale:

A = 90-100 points B = 80-89 points C = 70-79 points
U = Below 70

Academic Integrity: Students have the responsibility to know and observe the requirements of *The UNC Charlotte Code of Student Academic Integrity*. This code forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Any special requirements or permission regarding academic integrity in this course will be stated by the instructor and are binding on the students. Academic evaluations in this course include a judgment that the student’s work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty. Students who violate the code can be expelled from UNC Charlotte. The normal penalty for a first offense is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to F. Copies of the code can be obtained from the Dean of Students Office. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty to the course instructor.

Important Dates: Please review the UNC Charlotte online academic calendar for a list of important dates.

FALL SEMESTER 2023 – SELECTED IMPORTANT DATES	
Classes begin	21 August
Last day to add/drop courses with no grade	28 August
Last day to withdraw from a course subject to Withdrawal Policy	19 October
Classes end	6 December
Final Examinations	8-14 December

Other Important Dates: Please review the UNC Charlotte online academic calendar for a complete list of important dates.

Disability: UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at 704-687-0040 or visit their office in Fretwell 230. Note: It is the responsibility of the student to inform the Office of Disability Services that requires special accommodations.

Diversity: The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Instructor Office Hours/Availability: The instructor will be available for individual consultation and/or assistance, by appointment, for one hour before each class meeting as well as Monday 9 am – 11 am and Friday 11 am – 1 pm via Zoom. Other times and/or venues can be arranged at the discretion of the instructor. If you need to contact the instructor for any reason, a telephone number is provided at the top of the syllabus.

Right to Modify: The instructor reserves the right to modify the following tentative schedule, as well as course requirements, assignments, grading procedures, and other related policies as circumstances may dictate.

In-Class Courtesy: Please ensure an effective learning environment for the whole class by arriving on time to class and absolutely NO texting, surfing on the Internet, or using your cell phone. These distract other students. Cell phones are to be turned off and stowed out of sight for all classes and exams. Laptops or tablets for note taking are fine, but it is up to you to restrict their use to coursework. Do not start getting your bags together before the end of class as it makes it hard for others to hear end of class comments.

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Tentative Course Schedule

Week	Date	Themes of Lectures	Readings (Before Class)	Problem Sets/ Projects Due	Exams
1	8/21/23	Introduction Decision-making and problem-solving	Chapter 1 NABE Professional Guidelines		
2	8/28/23	Market Forces - Supply & Demand	Chapter 2 Regression Analysis Primer		
3	9/4/23	No Class - Labor Day			
4	9/11/23	Quantitative Demand Analysis	Chapter 3 Wilkinson and Kupers (2013)	Naphtha Purchase Decision	
5	9/18/23	Business & Economic Forecasting	Chapter 4 Guide to Economic Indicators		
6	9/25/23	Production & Cost Analysis	Chapter 5 Economic Profit Primer Hirshmann (1964)		
7	10/2/23	Organization of the Firm and Project Appraisal	Chapter 6 Project Appraisal Primer	Experience Curve	
8	10/9/23 *				Mid-term
9	10/16/23	Industry Change	Chapter 7 Porter (2008) Guide to Industry Research	Project Appraisal	
10	10/23/23	No Class - Student Recess			
11	10/30/23	Market Structure	Chapters 8-9	PVC Analysis	
12	11/6/23	Strategic Behavior	Chapter 10 Magee (1964)		
13	11/13/23	Pricing for Profit	Chapter 11 Sasser (1976)		
14	11/23/23	Economics of Information	Chapter 12		
15	11/27/23	Advanced Topics			
16	12/4/23	Consultant Projects		Project Presentations	
	12/11/23	Final Exam			5:00-7:30 pm (Location TBD)

* Due to travel commitments the mid-term will be take-home or virtual.