The Economics of Business Decision Making
Fall 2012

Instructor: Ted Amato
Office: 349-A Friday Building
Phone: Office, 704-687-7711
Home, 704-896-7736 (Do not call after 9:00 pm) email: Ltamato@uncc.edu,

Office Hours: Main Campus: T and R, 8:30-9:30, 11:00-11:30
Uptown Center: T 4:30-5:30 immediately following MBA class


Course Description: The Economics of Business Decisions: Prerequisites: ECON 3200 and OPER 3200 or equivalents. 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 economic issues.

Course Objectives: The objective of this course is to master basic microeconomic and econometric concepts and apply these concepts to business decision problems.

Democratic National Convention: We will not have class Tuesday, September 4 due to the DNC. University system policy requires that missed class time must be made up. After consulting with several other faculty members, members of the administration and several former MBA students, I decided that the least disruptive way to make up this time is to add 15 minutes to the end of each class. Accordingly, our classes will end at 8:30 instead of the regularly scheduled time.

End of Chapter Problems: I will recommend problems in the back of each text chapter, although I will not assign these as formal homework. I will be happy to work through problems from the text at the beginning of each class period at student request. (For previous editions of the book the publisher made available a study guide including completed problems. I previously required the study guide as part of the course package. The publisher elected to not include the study guide in the package for this edition. Students may find it beneficial to purchase a copy of the study guide from a previous edition via the internet).

Attendance: A sign up sheet will circulate each week to record attendance. Signing the sheet for another student is a violation of the academic integrity code and will be prosecuted to the fullest extent permitted under the UNC-Charlotte academic code. While there are no formal attendance standards for the course, attendance will be considered in student assessments, particularly in marginal grade cases. I fully understand that working professionals may be required to miss a class or two due to work obligations. If your work schedule is likely to result in more than an absence or two, you may wish to consider taking this course another semester.
Grading Basis and Examination:

Grades will be based upon two tests, group computer project and a cumulative final examination. The tests, group project and final exam will be weighted as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Test 1</td>
<td>30%</td>
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<td>Test 2</td>
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<tr>
<td>Group Project</td>
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<tr>
<td>Final Examination</td>
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Letter grades are assigned as follows:

<table>
<thead>
<tr>
<th>Grade</th>
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<tbody>
<tr>
<td>A</td>
<td>90-100</td>
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<tr>
<td>B</td>
<td>80-89</td>
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<tr>
<td>C</td>
<td>70-79</td>
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<td>U</td>
<td>Below 70</td>
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Grades are rounded to the nearest whole percentage.

Group Computer Project:

Students will work in teams of three or four students to complete a group regression project. You will self select team members during the first class. Topics are due in writing (hard copy) September 11. The computer project report is due in hard copy format at the beginning of class November 20. Projects will not be accepted late. The computer project assignment is to develop and test a linear regression model using actual real world data covering a topic from economics or business that is of interest to the student. Students are to use Microsoft Excel to conduct the regression analysis. Data must allow at least thirty degrees of freedom. (This requirement may be waived by the instructor in special cases). The written report is limited to five pages (excluding tables) plus the printout of the computer results. Each individual student must also turn in a one page analysis of the project answering specific questions regarding the development of the model and interpretation of results. The individual questions will be provided when the approved project is returned to the group.

Graduate students in business should be capable of and are expected to conceive their own topic. While I will provide some guidance, a major purpose of the project is for students to consider possible applications of the regression model and to conceive and specify a model. If I simply assigned projects, one of the most important benefits of the exercise would be lost. This is a course in economics for managers. To that end, projects that attempt to predict the winning percentage for a sports team are not germane to the course (unless you are majoring in a sports related field).

Missed Tests:

Students who know in advance that they must miss a test for work related reasons may take a test early at a mutually agreed upon time. It is expected, however, that students arrange their work schedule so as to minimize the need for early testing. Makeup tests are administered after the original test date and only for extreme situations such as illness, death in the family etc. Determination of extreme circumstance is at the discretion of the instructor.

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.

Course Outline

Aug 21  Introduction to Managerial Economics, Chapter 1
Calculus Techniques, Chapter 2, Lecture Notes

Aug 28  Demand Analysis, Chapter 4 Lecture Notes
(Note: Students with weak backgrounds in economics may choose to review chapter 3).

Sep 4   No Class, DNC

Sep 11  Demand Estimation, Chapter 5 Lecture Notes

Sep 18  Conclude Demand Estimation, Chapter 5

Sep 25  Test 1

Oct 2   Production Analysis, Chapter 7

Oct 9   Fall Break No Class

Oct 16  Cost Analysis, Chapter 8

Oct 23  Competition Chapter 10, Begin Monopoly Chapter 12

Oct 30  Monopoly/Monopsony, Chapter 12 (Delete Monopsony pp. 475-479)

Nov 6   Test 2

Nov 13  Imperfect Competition, Chapter 13, Lecture Notes

Nov 20  Game Theory, Chapter 14
(Computer Project Due)

Nov 27  Pricing Practices, Chapter 15

Dec 4   Conclude pricing

Dec 11  Final Examination, 5:30-8:30 pm.

Note: Items denoted with Lecture Notes indicate topics where the lecture notes are particularly important. The syllabus may be amended to address time constraints.