
BAPA 560: Foundations of Managerial and Business Economics
Program: Professional MBA Class of 2020
Course Outline

COURSE INFORMATION

Division: Strategy and Business Economics

Term/period: 2017W, Yr 1

Instructor: John Fountain

Email: john.fountain@sauder.ubc.ca

Phone:

Office hours:

Teaching Assistant:

Email:

Phone:

Office hours:

Section number: 300

Class meeting times:

Saturday April 7, 2018

Saturday April 21, 2018

Saturday May 5, 2018

Classroom location: HA 132

Pre-requisites: None

Tutorials / labs: None

Course website: canvas.ubc.ca

BRIEF COURSE DESCRIPTION

The purpose of this course is to help you as a prospective manager to understand a range of key ideas and models in microeconomics and to learn how to use those ideas and models to think about and/or manage practical business problems. The course is divided up into 6 modules, each module taking up a Saturday morning or afternoon. Here are the topics we will cover in the 20 hours of class time available to us.

- The basics of demand, supply, competitive equilibrium, efficiency/inefficiency, and equity/inequity, in capturing (or not) mutually beneficial gains from trade in market exchanges.
- A deeper look into cost and productivity structures that influence the extent of vertical or horizontal integration on the supply side, and the “make or buy” decision: economies of scale, economies of scope, incentive and informational problems in measuring performance and paying/contracting on the basis of performance.
- Market structure and behavior: How models of competition, market power, monopoly and oligopoly, entry, and exit are used to predict, explain, and regulate firms and markets.
- Value creation, value destruction, and value appropriation within and between firms; how taxes, subsidies & regulations affect prices, quantities, total “value” in exchange and the distribution of that “value”; the elementary political economy of rent seeking for managers.
- The basic normative and positive (behavioural) models of rational and optimal decision making under certainty and uncertainty. Optimal decision making in strategic settings, elementary game theory, and the ideas of strategic game theory (coordination, credibility, hold-ups, reciprocity and cooperation).
- Property rights, transactions costs, the Coase theorem, externalities, agency problems, and the transaction cost approach to organizing and managing transactions in hierarchies.

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COURSE GOALS & LEARNING OBJECTIVES

By the end of the course, you should be able to:

- Identify and explain orally and in writing key economic concepts and principles from each of the six modules in the course description
- Use a problems/solutions framework (what's the problem? what are the alternative solutions? how should they be evaluated?) to develop and analyze examples of practical decision problems a manager might face and how she/he can use microeconomic concepts and models to gain insight into the problem and propose solutions
- Understand and use all of the key, simple "back-of-the-envelope" diagrams from microeconomic models to help explain ideas and express yourself as a manager facing the tasks outlined in the previous 2 bullet points
- Efficiently and quickly develop key-point critical reports and short presentations about interesting new business, economic, and political issues using micro economic concepts, models, and reasoning

COURSE MATERIALS & REQUIREMENTS

Reading Materials:

There is one required textbook for the course and one pdf. Naturally, in a short course like BAPA 560 we will NOT be covering anywhere near all of the material in all of the chapters the book. There will also be short supplementary readings from journal articles, handouts, and other publications. The course webpage has more detailed information

- Besanko Dranove Shanley and Shaefer [Economics of Strategy](#) (BDSS) 7th edition - e-reader version on Amazon is about \$US50
- Prof Doug Allen's Economic Property Rights and Transactions Costs - An Introduction. A course fee will be levied to cover the cost of Doug Allen's reading.

Activity Fees: A course fee will be levied to cover readings. Please submit a payment of \$10.00 via the [Class and Lab Fees website](#).

Other Learning Resources:

For participation and active learning purposes, you're going to be doing a fair bit of video watching. Sources include public lectures by some of the economics profession's very best minds, including Nobel Prize winners; Ted-talks; audio podcasts; google-talks, and other university public lectures.

Technology Requirements:

You'll need decent access to the web outside of class. ALL of our communication, notices, quizzes, forum discussions, small group discussions, etc outside of class will be done through our course website in [Canvas](#). I encourage group/collaborative work and submission for assignments and that too should be done inside Canvas, regularly, and continuously, throughout the course.

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ASSESSMENT SUMMARY

Quizzes & Assignments	42% weight
Key-point Reports	40% weight
Class/Online Active Engagement	18% weight

ASSESSMENT DESCRIPTION

There is no final exam for BAPA 560 – instead, you will know within 2 weeks of each Saturday’s class how you are progressing and what numeric/letter grade you are likely to receive.

Your progress will be assessed each Saturday session in all 6 of the modules. Assignments and tasks for both modules will be given during and after class every Saturday. Keypoint reports are based on video presentations, one for each Saturday (details are on our course website). You will have one week following each class to submit assignments, with plenty of opportunity for feedback, discussion and help before submission. To be clear, **relevant assignments from each of the 3 Saturdays will be due the following Saturday, April 14, April 28, and May 12 respectively.** I will have them assessed for you within a week after submission. Grades for all three components will be weighted according to the assessment summary.

Quizzes & Assignments	3 tasks, one for each class
Key-point Reports	3 tasks, one for each class
Class/Online Engagement	Graded feedback each week on your class & online participation/engagement (continuous activity throughout the course, not just a flurry of activity towards the end of the course).

SCHEDULE

The chapter references below are “tentative” only – the modules on our course website will provide more guidance/directed reading/video viewing.

Class#	CLASS TOPICS	ACTIVITIES / READINGS	ASSIGNMENTS / DELIVERABLES
April 7- am	Demand , Supply , Equilibrium and Efficiency	<i>BDSS primer, Marginal revolution microecon, Kahn Academy micro econ; Roth video</i>	Due April 14
April 7- pm	Digging deeper into the Supply Side	<i>BDSS ch 2,3, 12; Hart video</i>	Due April 14
April 21 am	Market Power...or not: competition, monopoly, oligopoly	<i>BDSS ch 5,6, Kreps and Baron; Levine video</i>	Due April 28
April 21 pm	“Value” creation, destruction, and appropriation	<i>BDSS ch 10, Class notes; Autour video</i>	Due April 28

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May 5 am	Decision making: optimal choice basics and an introduction to decision making in strategic interactions (game theory)	<i>BDSS , Kreps & various, Class notes; Kahnemann video</i>	Due May 12
May 5 pm	Transaction cost economics	<i>Allen, BDSS& Williamson video</i>	Due May 12

KEY REGULATIONS

Attendance: As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to attend 100% of their scheduled classes. Students missing more than 20% of scheduled classes for reasons other than illness will be withdrawn from the course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on a student’s transcript. Students must notify their instructors at the earliest opportunity if they are expected to miss a class due to illness. A medical note from a licensed, local doctor is required if more than 20% of scheduled classes for a course are missed due to illness. Students are required to notify the Student Experience Manager if they are absent from two or more classes due to illness.

Tardiness: As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to arrive for classes and activities on time and fully prepared. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving halfway through a scheduled class, or later, will be treated as absent for that class.

Electronic Devices: As per RHL Regulations on Professionalism, Attendance and Behaviour, laptops and other electronic devices (cellphones, tablets, personal technology, etc.) **are not permitted in class** unless required by the instructor for specific in-class activities or exercises. Cellphones and other personal electronic devices must be turned off during class and placed away from the desktop. Students who fail to abide by the RHL “lids down” policy will be asked to leave the room for the remainder of the class. Research has shown that multi-tasking on laptops in class has negative implications for the learning environment, including reducing student academic performance and the performance of those sitting around them.

ACADEMIC MISCONDUCT

All UBC students are expected to behave as honest and responsible members of an academic community. Failure to follow appropriate policies, principles, rules and guidelines with respect to academic honesty at UBC may result in disciplinary action.

It is the student’s responsibility to review and uphold applicable standards of academic honesty. Instances of academic misconduct, such as cheating, plagiarism, resubmitting the same assignment, impersonating a candidate, or falsifying documents, will be strongly dealt with according to UBC’s procedures for Academic Misconduct. In addition to UBC’s Academic Misconduct procedures, students are responsible for reviewing and abiding by RHL’s policy on Academic Integrity.

STANDARD REFERENCE STYLE

The Robert H. Lee Graduate School uses American Psychological Association (APA) reference style as a standard. Please use this style to cite sources in your work unless directed to use a different style.

LATE ASSIGNMENTS

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Late submissions will not be accepted and will receive a zero.

OTHER INFORMATION

- This course does not require calculus. However, sometimes simple equations will be used to describe economic concepts, in conjunction with many freehand graphs. The mix of math and graphs is intended to make the material more easily accessible, as the focus of the course is on economic concepts and ideas.
- Because graphs (e.g., supply-demand diagrams) are an essential element in the teaching approach for this course, manual note-taking and drawing of these graphs is an integral part of the learning experience. Therefore, I ask students to bring a simple notebook of around 100 pages to class, along with suitable coloured pens for the diagrams. I will review your notebooks to assess your learning progress and active engagement. There will be no electronic lecture notes in this class.
- I will hold both in-person and virtual office hours for you five days a week throughout the course, at mutually convenient hours in the day or evening.