

**MGT 504**  
**Microeconomics for Managers**

Fall 2008

GSM 230

Mondays and Wednesdays 9:30 – 10:45 am

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**PURPOSE AND METHOD**

This is a course in microeconomics, which is the study of individual decision making in a world in which wants exceed the available resources. The study of this material will involve outside reading, lectures, discussions, and case studies.

**A Note on the Case Method:**

*(adapted from Dr. Christine Shropshire, UGA Terry College of Business)*

**The Case Method: Why We Rely on Discussion Learning**

A significant amount of our class time will be spent discussing business cases. Why do we rely on the case method so extensively? The case-study method brings a “real world” approach to business education in at least three important ways.

First, case discussions generate a dynamic process of vigorous questioning and responding, examination and debate among students and discussion leader. Because managerial issues are often characterized by ambiguity, complexity or uncertainty, this course is more about *asking the right questions* than it is about knowing the right answers. Rather than simply lecture about the current state of “best practices,” we recognize that theories change over time while reasoning skills survive. The case method helps students to refine their skills as insightful questioners, rather than just good answer-finders. In addition, discussion learning requires all students to participate *actively* in the learning experience. A business degree is about more than just acquiring a toolbox of analytical skills. It is also about developing the ability to contribute to the group so that we expand the boundaries of everyone’s learning. Just as in management, there is no formula that you can follow for every case. Nevertheless, over the course of the semester, students gradually build on the combination of theory and analysis, judgment and experience to develop for themselves the ideas that the teacher seeks to communicate. While the case method requires a high level of student commitment, it also causes students to personally engage the problem and “own” the solution, so that the case method is inherently a student-oriented process.

Second, the case method trains students to think as administrators (rather than as scholars), so that they: (1) see a problem looking for solutions rather than a concept looking for applications, (2) focus on defining and prioritizing a maize of tangled problems and determining which one(s) to attack with the limited time available, (3) appreciate differing agendas and points of view, and (4) *take action*, not just report findings.

Third, by linking analysis with individual action taking, the case method encourages moral awareness by requiring students to *take a stand*. The give-and-take of case discussion often brings to the surface subtle ethical dilemmas that might otherwise be missed. The case method helps students learn to assess and embrace the tradeoffs among different stakeholders' interests. The case method requires students to use all of their knowledge, skills and experience to respond in real time to the questions raised in class and to effectively communicate their ideas to their classmates and help to lead them to a greater shared understanding of the problem at hand. Thus, the students become the teachers.

The key requirement of this course is that you THINK. I will ask that you add a dose of common sense and filter these ideas through your own experiences and "world view." We will reach consensus on *some* issues, yet many among you will have differing interpretations as we proceed through the course. This is the nature of strategy and policy issues. You may find yourself occasionally frustrated by the ambiguity and the difficulty of assimilating conflicting points of view. Welcome to real life.

### **TEXTBOOK:**

Robert S. Pindyck and Daniel L. Rubinfeld, **Microeconomics**, 6<sup>th</sup> Ed.

PLEASE NOTE: For the purposes of this class, older editions of the book are perfectly acceptable. Please feel free to purchase the **TEXT ONLY** from any outlet that you choose.

A copy of the main text for the course will be on reserve at Zimmerman Library so that those who do not wish to purchase the text can complete their reading assignments in the library. While a large portion of the exam material is covered in class, the book is helpful and might be a wise purchase; however students can still perform quite well in the class using only the review copy at the library.

### **PERFORMANCE MEASURES and GRADING**

We all learn and express what we have learned differently. To this end, I strive to provide several different assessment tools to address each individual's strengths and help them improve their areas of weakness.

**Case Studies (50% of total grade):** Throughout the course of the semester students will be assigned case studies designed to promote the understanding of real world applications and implications of microeconomics theory. As this course is "Microeconomics for Managers," it is important that students gain an understanding of how economics can be applied to improve managerial decision making.

The case studies used in class will have two equally weighted components.

- 1) *Written Portion:* Students will be responsible for submitting independent written answers to the questions provided with each case study. These do not need to be lengthy (1-2 pages total), and should show that your understanding of the theory (and applications of theory) exhibited in the case.
- 2) *Presentation:* Each group will be responsible for a 5-10 minute presentation answering the questions provided with the case study. These presentations should include a powerpoint/visual component, and give evidence of some degree of outside research into the case topic.

*We will discuss these metrics in further detail when the first case is assigned.*

*Note:* Some of the assigned cases are created and distributed by the Harvard Kennedy School of Government. Due to copyright issues, I am unable to provide copies of the cases for you. Therefore, you will be required to purchase the cases directly from the Kennedy School ([ksgcase.harvard.edu](http://ksgcase.harvard.edu)). The cases are generally \$2.70 each and can be purchased online and downloaded immediately.

If you are unable/unwilling to purchase the cases online, we can arrange for Anderson to purchase copies of the case which you can then buy from Anderson. Please let me know by the second week of classes if you would prefer to purchase the cases from Anderson.

**Class participation and preparation (20% of total grade):** While this is a subjective measure, I will try to standardize it as much as possible by tracking your productive participation in class discussions and activities. Several of the in-class activities will involve small group discussions. Also, arriving late to class causes a distraction and will hurt your participation grade, so please, be on time.

**Final Project (30% of total grade):** The third component of the class will be a group project and presentation. Groups will research a topic related to economics, and will be responsible for an in-depth presentation at the end of the semester. Topics can be chosen from a concept or theory discussed in class, or (and this may prove a more beneficial learning exercise) a topic related to your concentration area that is directly impacted by economic theory (for example, if you wanted to focus on a marketing application, your project could use economic theory to address pricing strategy). We will discuss the final project in further detail in class. Topics will need to be submitted to me for approval.

**Problem Sets:** Throughout the course of the semester I may periodically assign problem sets from the text. While they will usually require the use of mathematics, the goal is to increase the understanding of underlying economic relationships. Problem sets are optional, but may be turned in. I will use their completion in marginal cases to compute a student's final grade.

**Extra credit:** I may, periodically, give in-class assignments that can be worth up to 5% of your final grade.

**Grade determination summary:**

Cases Studies	50%
Class participation/preparation	20%
<u>Final Project</u>	<u>30%</u>
Total	100%

90-100%.....	A
80-89%.....	B
70-79%.....	C
60-69%.....	D
< 59%.....	F

## TENTATIVE CLASS SCHEDULE

Week of	Topic	Assignment
August 25	Introduction to Supply and Demand	P&R 1
September 1	Elasticity	P&R 2
September 8	Consumer Behavior	P&R 3
September 15	Individual and Market Demand	P&R 4
September 22	Case Discussions	Coffee Crisis
September 29	Cost of Production	P&R 6
October 6	Case Discussions	Portland UGB
October 13	Profit Maximization and Competitive Supply	P&R 7
October 20	Case Discussions	SF Parking
	Market Power: Monopoly and Monopsony	P&R 8
October 27	Pricing With Market Power	P&R 9
November 3	Case Discussions	Steel Tariffs
November 10	Market for Factor Inputs	P&R 10
November 17	Case Discussions	Microsoft on Trial
November 24	Bailout the auto industry?	P&R 11
December 1	Final Project Presentations	
December 8	Final Project Presentations	

### *List of Cases and Due Dates*

Case 1 – Group presentations Sept 22, Individual written responses due Sept 24.

*The Coffee Crisis – KSG Case 1776.0*

Case 2 – Group presentations Oct 6, Individual written responses due Oct 8.

*Portland's Urban Growth Boundary and Housing Prices (A): The Debate – KSG Case 1703.0*

*Portland's Urban Growth Boundary and Housing Prices (B): Note on Measuring Housing Prices – KSG Case 1704.0*

Case 3 - Group presentations Oct 20, Individual written responses due Oct 22.

*Parking in San Francisco – KSG Case 1877.0*

Case 4 - Group presentations Nov 3, Individual written responses due Nov 5.

*Standing up for Steel: The US Government Response to Steel Industry and Union Efforts to Win Protection from Imports (1998-2003) – KSG Case C15-02-1651.0*

Case 5 - Group presentations Nov 17, Individual written responses due Nov 19.

*Microsoft on Trial – KSG Case 1522.0*

### ***ACADEMIC INTEGRITY and OTHER ISSUES***

Plagiarism or other academic dishonesty will result in a failing grade for the course and referral to the appropriate academic standards bodies on campus. Make up exams will not be allowed except in the

face of unusual circumstances, and must be negotiated in advance. Any violation of the Student Code of Conduct will be taken very seriously and appropriate sanctions will be applied. Violations include: plagiarism, exam misconduct, etc. Please refer to the UNM Pathfinder for additional information: <http://www.unm.edu/~sac/pathfind.html>.

### ***Cell Phones and Pagers***

I understand that many of us need our cell phones to stay connected to the outside world; I would appreciate it if you would please turn your phone/pager off or set it to “silent” or “vibrate” during class. I don’t answer mine, so to be fair, please don’t answer yours.

### ***ADA Statement***

Reasonable accommodation will be given to any individual with a legitimate disability. Please contact the instructor privately for arrangements. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats.