MGSM845

Economic Context of Management

Term 3 Online 2018

MGSM Degree Programs

Contents

General Information 2

Learning Outcomes 2

Assessment Tasks 3

Delivery and Resources 6

Unit Schedule 7

Learning and Teaching Activities 10

Policies and Procedures 10

Graduate Capabilities 12

Changes from Previous Offering 15

Alignment with MGSM's mission-driven attributes 15

Attendance Policy (MGSM) 15

Content Disclaimer 15

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General Information

Unit convenor and teaching staff Lecturer John-Paul Monck john-paul.monck@mgsm.edu.au Ariel Alcantara ariel.alcantara@mgsm.edu.au
Credit points 4
Prerequisites Admission to MBA or MMgmt or PGDipMgt or GradDipMgt or MEngMgt
Corequisites
Co-badged status
Unit description This unit examines economic analysis concepts and tools that enable students to set an organisation's decision-making within its wider economic context. Topics include supply, demand, and market equilibrium; scarcity; exchange and trade; choice theory; theory of the firm; game theory and strategy; market structure; market failures; role of government and government policies; aggregate economy; and international trade. We look at economic variables and how rises and falls in these variables affect people and businesses. We investigate how government policies, decisions by households and firms, and changes in the world economy affect inflation, exchange rates, interest rates, unemployment, growth, and social issues such as poverty and inequality.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.

Develop a strategy for efficient allocation of scarce resources in a global marketplace.

Critically reflect on how changes in economic conditions affect individual businesses and

society.

Assessment Tasks

Name	Weighting	Hurdle	Due
Participation and Contribution	20%	No	Throughout the term
Individual online quizzes	20%	No	Session 4 and Session 8
Essay	20%	No	5pm of 31 August 2018
Online final examination	40%	No	Exam Week: 3-8 September 2018

Participation and Contribution

Due: **Throughout the term**
Weighting: **20%**

Format: Individual participation and contributions in the online classes and iLearn forum discussions

Due: Weekly contributions worth 2% each throughout the term; graded at the end of term

During the term, each student will be expected to participate and make high-quality contributions to the weekly online classes and iLearn forum discussions. A key component of this assessment involves researching an economic concept as applied to your own experience or a case and presenting this back in the online classes (or iLearn forum discussions). High marks are awarded to those who stimulate discussion and foster peer-to-peer learning in the online classes and iLearn forum discussions. You are highly encouraged to contribute to discussions as this provides the easiest and most time-efficient mechanism by which comprehensive feedback loops can be achieved. Remember opportunity cost! Your contribtions will be marked according to the following rubric:

Criteria Comment Mark Quality of comments /5 Depth of comments /5 Contribution to discussion and building on other's comments /5 **Total /15**

On successful completion you will be able to:

- Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.
- Develop a strategy for efficient allocation of scarce resources in a global marketplace.
- Critically reflect on how changes in economic conditions affect individual businesses and society.

Individual online quizzes

Due: **Session 4 and Session 8**
Weighting: **20%**

Duration: 60 minutes each

Format: Two online iLearn quizzes

Due: One scheduled in session 4 + one scheduled in session 8

Two online iLearn quizzes will be scheduled during the term and will be based on material covered in earlier classes and readings. Further information will be provided in iLearn.

On successful completion you will be able to:

- Critically reflect on how changes in economic conditions affect individual businesses and society.

Essay

Due: **5pm of 31 August 2018**
Weighting: **20%**

Length: 3,000 words maximum. You can attach relevant appendices and supporting documentation which will not be counted in this limit.

The essay should stand alone – do NOT depend upon a reader to read the appendices. The appendices should be there to identify the sources of your research, show how your conclusions are reached and provide relevant back-up to your arguments.

The essay will be assessed on:

- Clarity and conciseness;
- The extent to which the questions are in fact answered;
- The quality of research, timeliness and relevance of information and statistics;
- Quality of analysis;
- Its usefulness to real world management issues; and/or
- Implication for economic policy.

The essay will be assessed against the relevant unit objectives, being:

- Interpret the meaning of economic information (both statistical, and qualitative), and to identify the additional economic (and other) information which might be useful for a decision, and where to get it; and
- Identify the factors likely to lead to a change in economic conditions, and provide scenarios of the likely economic impact of those changes.

TOPIC: TBA in class

Submission:

Students are to submit 1 x soft-copy of their individual report on the due date as listed in the box above. The soft-copy submission will be submitted to Turnitin via the MGSM iLearn portal, a program used to ensure the originality of the work undertaken by the submitter. Students can submit as many times as they want up until the due date and time.

Please ensure your full name, student number, unit code (MGSM845 ONLINE), unit name (Economic context of management), and lecturer (JP Monck) is clearly visible on the front page of your assignment.

Extensions and penalties:

No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved. No submission will be accepted after solutions have been posted.

On successful completion you will be able to:

- Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.
- Develop a strategy for efficient allocation of scarce resources in a global marketplace.
- Critically reflect on how changes in economic conditions affect individual businesses and society.

Online final examination

Due: **Exam Week: 3-8 September 2018**
Weighting: **40%**

Duration: 3 hours and 30 minutes - This is the total time given to complete and submit your individual exam answers into iLearn during a designated period in exam week.

Format: Open book online exam

A computer with internet access and printer connection will be required. (You may wish to print out the online exam question paper to make quick notes.)

The exam format will be open book online, and will consist of two essay style questions. More details on the exam will be provided over the term.

The final exam will cover content from:

- Unit materials
- Exercises, case studies and group discussions

You are expected to present yourself for examination at the time and place designated in the

MGSM examination timetable. The timetable will be available on 18 July 2018 at https://students.mgsm.edu.au/sydney-students/units/exams/

On successful completion you will be able to:

- Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.
- Develop a strategy for efficient allocation of scarce resources in a global marketplace.
- Critically reflect on how changes in economic conditions affect individual businesses and society.

Delivery and Resources

Required text

Samuelson, W. & Marks, S. (2014). Managerial Economics, 8th edition. Wiley, ISBN: 9781118808948

Where to purchase the textbook?

The Coop Bookshop: The Coop Bookshop is our main retailer for textbooks and other related academic material. For information on textbook prices and online ordering, please refer to The Co-Op Bookshop webpage at http://www.coop.com.au

Disclaimer: MGSM does not take responsibility for the stock levels of required textbooks from preferred retail outlets and other book retailers. While we advise our preferred book retail outlet, The Co-op Bookshop, of our maximum expected number of students purchasing specific required text each term, The Co-op Bookshop and other book retailers will make their own judgement in regard to their physical holding stock levels. To prevent disappointment if a textbook is out-of-stock, we highly advise students to order their textbooks as early as possible, or if the required textbook is currently out-of-stock, place an order with the book retailer as soon as possible so that these book retailers can monitor demand and supply, and adjust their stock orders accordingly.

MGSM iLearn

The web page for this unit can be found at: https://ilearn.mq.edu.au/login/MGSM

Unit requirements

You will not be expected to become an economist, but you will be expected to acquire economic skills that are useful to managers.

To successfully complete the unit you will be expected to demonstrate that you can do the following things at a level acceptable in the business world:

- Understand and make practical use of basic economic concepts by applying them to typical business management problems.

- Interpret the meaning of economic information (both statistical and qualitative), and to identify the additional economic (and other) information which might be useful for a decision, and where to get it.
- Understand how economic models can be used in making predictions and interpreting economic trends. And be able to identify the assumptions and limitations of economic models used by economists to make predictions and policy recommendations.
- Identify the factors likely to lead to a change in economic conditions, and provide scenarios of the likely economic impact on a specific entity (such as a manufacturing or service company) of those changes.
- Evaluate the content and logic of reports containing economic information as it relates to the contemporary Australian, Asian and other world economies. Identify fallacies in economic arguments, and weigh up different theoretical interpretations of facts leading to alternative predictions.
- Identify and evaluate the options for managing economic variables to achieve specific objectives, at a corporate level (e.g. profit or sales maximisation).
- Analyse and report on the way that changes in economic circumstances are transmitted through the economy, and assess their likely impact on, and implications for a given entity.

Unit Schedule

This class for 2018 Term 3 is scheduled every **Thursday**, starting from **28 June 2018** and finishing on the **30 August 2018**.

Students are **not** required to attend all classes. All classes **shall be recorded** and all students are expected to review any classes they were unable to attend, as the material discussed in the classes will materially focus on the core subject topics and assessable items.

The unit will be presented as follows:

Module	Lectures and class activities	Recommended readings

1 & 2	Introduction • Basic Concepts & applications – how they relate to management in the private and public sector • Trade-offs • Opportunity cost • Incentives • Markets and voluntary trade • Market failures: public goods, externalities, common pool resource problem • Role of the government • Role of institutions • Supply and demand • Elasticities • Demand, supply, market equilibrium • Goods market experiment • Marginal decisions – MC MR (or MB) • Sunk costs • Goods market experiment	Ch. 1-3
3 & 4	Theory of choice, demand • Budget constraints • Preferences • Choice Labor market • Labor market and supply of labor • Nominal vs. real wages • Minimum wage • Value of labor • Downward wage rigidity • Reciprocity and loyalty • Unemployment • Reputation and reciprocity gift exchange game experiment	Ch. 4 C. Mulhearn & H.R. Vane. 2016. Economics for Business. Ch. 7

5 & 6	Theory of firm • Factors of production • Net present value of capital • Accounting vs economic profit • Maximizing profit • Diminishing returns • Costs, cost curves • Perfect competition • Short run vs long run	Ch. 5-7 Ronald H. Coase, “The Nature of the Firm,” Economica, 1937 (optional classic)
7 & 8	Game theory • Simultaneous-move games • Prisoner’s dilemma & cooperation • Dominant and dominated strategies • Nash equilibrium • Coordination • Sequential games • Strategy • Market entry game • Credible vs. empty threat • Commitment • Ultimatum game • Finitely and infinitely repeated games • Strategic behavior experiments	Ch. 10 An Introduction to Game Theory – Ch. 2, 3 S. Meier & E. Reuben “Competitive Dynamics & Business Strategy” 2010. What is the Nash equilibrium and why does it matter? https://www.economist.com/news/economics-brief/21705308-fifth-our-series-seminal-economic-ideas-looks-nash-equilibrium-prison Experimental Methods: A Primer for Economist – Ch. 1, 2 (optional reading)

9 & 10	Market structure • Monopoly profit maximization • Natural monopoly and returns to scale • Monopoly vs perfect competition • Monopoly market power and anti-competitive behavior • Market pricing experiment • Price discrimination • Regulating monopolies • Oligopoly – Cournot and Bertrand models • Collusion • Product differentiation and monopolistic competition • Monopoly experiment Asymmetric information · market for lemons · quality choice · adverse selection · moral hazard · Principal-agent problem Behavioral economics Review	Ch. 8-9 https://hbr.org/2017/10/how-retailers-use-personalized-prices-to-test-what-your-willing-to-pay http://freakonomics.com/podcast/uber-economists-dream/ https://www.economist.com/blogs/economist-explains/2016/09/economist-explains-economics-1 https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/distortions-and-deceptions-in-strategic-decisions?cid=other-eml-cls-mkq-mck-oth-1704 Ch. 13-14

Learning and Teaching Activities

Active Learning

Lectures will be used to introduce you to topics, and to show you how these things fit into a broader context. You will then need to read up on and revise basic concepts through the text. Lectures, class exercises and cases, will be used to show you how to apply the concepts and techniques

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy

- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Grade Appeal Policy
- Complaint Management Procedure for Students and Members of the Public
- Special Consideration Policy *(**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)*

Undergraduate students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/study/getting-started/student-conduct

Results

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au.

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student Services and Support

Students with a disability are encouraged to contact the Disability Service who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

For queries about your study at MGSM, please contact studentservices@mgsm.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

Learning outcomes

- Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.
- Critically reflect on how changes in economic conditions affect individual businesses and society.

Assessment task

- Participation and Contribution

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcome

- Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.

Assessment task

- Individual online quizzes

Learning and teaching activity

- Lectures will be used to introduce you to topics, and to show you how these things fit into a broader context. You will then need to read up on and revise basic concepts through the text. Lectures, class exercises and cases, will be used to show you how to apply the concepts and techniques

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Evaluate a wide array of local and global economics information to formulate well-informed and robust business decisions.
- Develop a strategy for efficient allocation of scarce resources in a global marketplace.

Assessment tasks

- Participation and Contribution
- Individual online quizzes
- Essay
- Online final examination

Learning and teaching activities

- Lectures will be used to introduce you to topics, and to show you how these things fit into a broader context. You will then need to read up on and revise basic concepts through the text. Lectures, class exercises and cases, will be used to show you how to apply the concepts and techniques

PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

Learning outcome

- Develop a strategy for efficient allocation of scarce resources in a global marketplace.

Assessment tasks

- Individual online quizzes
- Essay
- Online final examination

PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcome

- Critically reflect on how changes in economic conditions affect individual businesses and society.

Assessment tasks

- Participation and Contribution
- Online final examination

Learning and teaching activities

- Lectures will be used to introduce you to topics, and to show you how these things fit into a broader context. You will then need to read up on and revise basic concepts through the text. Lectures, class exercises and cases, will be used to show you how to apply the concepts and techniques

PG - Engaged and Responsible, Active and Ethical Citizens

Our postgraduates will be ethically aware and capable of confident transformative action in relation to their professional responsibilities and the wider community. They will have a sense of connectedness with others and country and have a sense of mutual obligation. They will be able to appreciate the impact of their professional roles for social justice and inclusion related to national and global issues

This graduate capability is supported by:

Learning outcomes

- Develop a strategy for efficient allocation of scarce resources in a global marketplace.

- Critically reflect on how changes in economic conditions affect individual businesses and society.

Assessment task

- Essay

Changes from Previous Offering

No changes from previous offering

Alignment with MGSM's mission-driven attributes

- **Leadership**: Develop skills required of leaders with respect to the synthesis of a wide array of economics information in order to make well-informed and financially robust strategic decisions
- **Global mindset:** Assessment of the implications of global activity and strategic decisions from an entity perspective, across a wide spectrum of stakeholders
- **Citizenship**: Apply a true and fair view approach to matters of economic policy making and implementation related to business strategies through consideration of the wider stakeholder implications which may arise from such policies and the subsequent business decisions
- **Creating sustainable value**: Adoption of a forward-looking perspective on the impact of decisions on the financial position and performance of the entity

Attendance Policy (MGSM)

The interactive environment of the classroom is central to the MGSM experience. Students are required to attend the full duration of all classes for the units in which they are enrolled. We recognise that exceptional circumstances may occur, such as unavoidable travel on behalf of your organization or the serious illness or injury of you or a close family member.

Special consideration may be given for a maximum of 20% non-attendance for such circumstances as long as lecturers are contacted in advance, and supporting documentation provided, to request exemption from attendance. Failure to abide by these conditions may result in automatic withdrawal, with academic and/or financial penalty. The full Student Attendance Policy is published in the MGSM Student Handbook at https://students.mgsm.edu.au/handbook

Content Disclaimer

These unit materials and the content of this unit are provided for educational purposes only and no decision should be made based on the material without obtaining independent professional advice relating to the particular circumstances involved.