

School of Management

MMBA503
ECONOMICS, ORGANISATIONS AND MARKETS

Trimester 3, 2015

COURSE OUTLINE

Names and Contact Details

Course Coordinator: Bronwyn Howell
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Trimester Dates

Teaching Period: Monday November 16 2015 to Friday February 12 2016
 Examination Period: Monday February 15 2016 to Saturday February 20 2016 (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before 27 November 2015.
2. The standard last date for withdrawal from this course is 26 January 2016.

After the last date stated in #2, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks.

Class Times and Room Numbers

Lectures	Wednesdays		17:40 to 20:30
	18, 25 November	GBLT4	
	2, 9, 16 December	GBLT4	
	27 January	GBLT4	
	3, 10 February	GBLT4	
<i>Tutorials (optional)</i>	Thursdays	RWW125	12:40 to 14:30
		GBLT4	20:10 to 22:00
	26 November		
	3, 10, 17 December		
	28 January		
	4, 11 February		
<i>Mid-term test</i>	Wednesday 20 January	GBLT4	17:40 to 19:40

Teaching Format

The course will be taught by means of eight two-hour fifty minute lectures focused on a number of specific topics, and optional tutorials where students can consolidate their learning and practice the skills of applying economic analysis to common management problems in the topic areas covered in lectures.

Group Work

MMBA503 contains no mandatory group work. However, students are encouraged to contribute collaboratively in their study groups and the optional tutorial sessions.

Expected Workload

Workload expectations for this course are 15 hours per week for the 8 teaching weeks. This comprises one 3-hour lecture, 2 hours optional tutorial and between 10 and 12 hours individual and group study. It is expected that 30hrs individual and group study will be required during the mid-trimester break.

Prescription

The course focuses on providing students with a conceptual appreciation of the modern literature in industry organisation and applied microeconomics, and on demonstrating how this body of literature can be used in thinking about a wide range of management problems.

Course Learning Objectives

The Master of Business Administration Programme serves to educate professional managers, thereby enabling the fulfilment of strategic roles within corporate and government enterprises, including the exercise of leadership capability. Integral to this objective is an understanding of Economics, Organisations and Markets.

The course is taught at a level that assumes no prior knowledge of economics, but participants whose first degree is in economics will naturally have some advantage in dealing with the course material. Participants who do not have any economics in their first university degree will benefit from careful study of the reading assigned during the first five weeks, since this will provide a range of fundamental microeconomic concepts that will be used subsequently in the course.

By the end of this course, students should have developed a good understanding of the way economists analyse problems and knowledge of principles of microeconomics sufficient to apply economic analysis to common management problems and strategic issues. Students will develop skills in applying critical thinking to the use of economic frameworks to analyse complex real world situations, and the application of that analysis to better inform managerial decision-making. The weekly assignments and tutorials encourage the development and practical application of these skills in a structured and sequential manner. The mid-term test and final examination assess the extent to which these skills have been mastered.

Course Content

The course will cover cost and “efficiency” concepts, supply and demand, strategic interaction, contracts, moral hazard and adverse selection, the theory of the firm, non-profit firms, competition and regulation, pricing and welfare under regulation, financial structure, innovation and investment, competition law, governance, internal labour markets and executive compensation.

Readings

Selected readings will be distributed during the course.

There is no mandatory textbook, but students may find these texts useful references. All are available on Closed Reserve in the library.

John McMillan, *Reinventing the Bazaar: a natural history of markets*, (Norton), 2002.
HB501 M478 R

Paul Milgrom and John Roberts, *Economics, Organization and Management*, (Prentice Hall), 1992.
HD30.22 M644 E 1992

Dennis Carlton and Jeffrey Perloff, *Modern Industrial Organisation*, 4th ed., (Addison Wesley), 2005.
HD2326 C285 M 2005

Avinash Dixit and Barry Nalebuff, *Thinking Strategically: The Competitive Edge in Business Politics and Everyday Life*, Norton, NY, 1991
HD30.28 D619 T

Assessment

The best four marks gained from six weekly assignments	20%
Mid-term test (closed book) – Wednesday	30%
3-hour final examination (closed book)	50%

Assignments

Students will be required to submit their assignments electronically via Blackboard. Students must also keep an electronic copy of their work.

Each of the six assignments is to be presented to a standard appropriate to a management document (typed, with excellent English expression and structure of argument, with tables and graphs prepared to a high standard). Use of bullet points is acceptable where this provides the clearest presentation of the relevant ideas.

All work submitted for assessment is to be substantially your own, although you are encouraged to discuss your ideas as they develop with other students. Submitting another's work as your own would be unethical, whether you are detected or not, and not consistent with the behaviour expected of future management leaders. There are substantial penalties (detailed in the University Calendar) for academic misconduct.

Assignment Particulars

Questions for each assignment will be distributed via Blackboard on the day of the lecture, and are to be submitted by 9am on the Monday 12 days following.

Assignment 1.	Distributed week 1, due week 3 (November 30).
Assignment 2.	Distributed week 2, due week 4 (December 7).
Assignment 3.	Distributed week 3, due week 5 (December 14).
Assignment 4.	Distributed week 4 due December 21
Assignment 5.	Distributed week 5, due week 7 (February 1).
Assignment 6.	Distributed week 6 due week 8 (February 8)

All assignments must have the following information on the front page of the assignment:

- (a) Course number
- (b) Course Name

- (c) Assignment Title
- (d) Name of Lecturer
- (e) Name of student
- (f) Student Identification Number

Assignments should be uploaded electronically using Blackboard, with .pdf being the preferred format (.doc and .rtf are also acceptable). Assignments submitted in other formats will not be accepted and students will be penalised accordingly. Detailed instructions for the submission process will be posted on Blackboard, and discussed at the first tutorial. Should you have any problems with submission, send an email to bronwyn.howell@vuw.ac.nz detailing the problems you have encountered and with your assignment file attached before the due time. Technical difficulties will not be accepted as an excuse if you do not follow this procedure.

NOTE: Assignments must not be handed to the Programme Administrator or emailed to the lecturer unless the above-mentioned exception has occurred.

Assignments will be either returned at the lectures and tutorials or placed for collection at Rutherford House Level 10 Reception. Assignments will normally be marked and grades posted on Blackboard within one week. However, it may take a little longer for the assignments to be physically returned. As a guide, you can expect to receive them back within two weeks of submission.

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Victoria MBA Grading Standards

<i>Pass/Fail</i>	<i>Grade</i>	<i>Normal Range</i>	<i>Indicative Characterisation</i>
Pass	A+	90%-100%	Outstanding performance
	A	85%-89%	Excellent performance
	A-	80%-84%	Excellent performance in most respects
	B+	75%-79%	Very good performance
	B	70%-74%	Good performance
	B-	65%-69%	Good performance overall, but some weaknesses
	C+	60%-64%	Satisfactory to good performance
	C	55%-59%	Satisfactory performance
	C-	50%-54%	Adequate evidence of learning
Fail	D	40%-49%	Poor performance overall, some evidence of learning
	E	0-39%	Well below the standard required

Penalties

In fairness to other students, work submitted after the deadline will be subject to a penalty of 5% of the total marks available per day of lateness. Assignments more than 5 days late will not be accepted. A “zero” mark will be applied. In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), students should discuss waiver of the penalty with the course controller prior to the deadline date.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period:

15-20 February 2016

Class Representative

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the course coordinator and the class. The class representative provides a communication channel to liaise with the course coordinator on behalf of students.

Communication of Additional Information

All additional information will be communicated via Blackboard

Student feedback

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback_display.php

The results of last year's student evaluations indicate that some students found the workload for MMBA503 somewhat more demanding than for most of the other courses in the MBA. However, as the assessment structure for this course is designed to reflect the need for regular and on-going study and practice specific to understanding and applying economic concepts, after careful reflection we have decided to maintain the relatively high number of assessment items and their relative weighting, rather than risk compromising students' learning outcomes.

Link to general information

For general information about course-related matters, go to <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

Note to Students

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and academic audit. The findings may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Date	Lectures	Tutorials
18 November	Organisation of Firms and Markets; Cost and “Efficiency” Concepts; <ul style="list-style-type: none"> • Welfare is efficiency • Opportunity cost • Fixed, sunk and variable cost • Economies of scale and scope • Coase and transaction costs • Theory of the firm • The cost of capital of a firm • Property rights • Limited liability 	Review of cost concepts Supply and Demand, Assignment
25 November	Strategic Interaction and Contractual Commitment <ul style="list-style-type: none"> • Economics of strategy • Anticipating your rivals response • Looking forwards and reasoning back • Competition and cooperation • Role of contracts 	Assignment
2 December	Moral Hazard and Adverse Selection <ul style="list-style-type: none"> • Private information • Bounded rationality • Principal and agent • Enforcement of agreements • Long term contracts • Insurance contracts • Role of tort 	Assignment
9 December	Markets: Competition and monopoly <ul style="list-style-type: none"> • The competitive firm • Competition strategy in practice • Innovation and entry in established markets • Monopoly pricing and output • Natural monopoly • Regulation of monopoly • Economic impacts of taxation 	Assignment
16 December	Pricing and Welfare under Regulation <ul style="list-style-type: none"> • Common costs and incremental costs • Problems with marginal cost and TSLRIC • Real options provided by the regulated firm • Regulated vs unregulated markets • Public policy issues in regulation • Two-sided markets • Price discrimination and bundling 	Assignment Test preparation

20 January	Mid-term Test	(5:40pm – 7.40pm)
27 January	Competition Law; Advertising and Information Disclosure <ul style="list-style-type: none"> • Competition Law vs Regulation • Commerce Act – outline • Substantial lessening of competition • Market definition • Barriers to entry • Mergers and conduct • Regulation of markets • Fair trading Act – outline • Advertising and market performance • Regulated vs voluntary disclosure 	Assignment
3 February	Financial Structure & Governance <ul style="list-style-type: none"> • Cost of Capital • Debt/equity structures • Business cases and investment decisions • Real Options • Owners vs Managers • Alignment of interests • Executive / non-executive boards • Function separation / conflict resolution • Performance monitoring 	Assignment
10 February	Internal labour markets and executive remuneration <ul style="list-style-type: none"> • Hierarchies and tournament • Incentives for high performance • Tenure systems • CEO remuneration 	Exam preparation