



Victoria Management School

MBA503

ECONOMICS, ORGANIZATIONS AND MARKETS

Trimester Three 2011

COURSE OUTLINE

Names and Contact Details

Coordinator

Bronwyn Howell
General Manager, NZ Institute for the Study of Competition and Regulation

Office: Rutherford House 1215

Email: Bronwyn.Howell@vuw.ac.nz

Telephone: (04) 463 5563

Mob (0275) 635 563

Teaching Assistant

Deane Nicholls

Victoria MBA graduate

E-mail: deane.nicholls@vuw.ac.nz

Cellphone: 021 193 6511

E-mail contact is preferred

Please note that Deane will primarily be marking assignments, but has agreed to be available via email to answer student queries and assist with clarification and understanding of the concepts covered in the course. Please feel free to ask him questions as well as (or an alternative to) asking the Course Co-ordinator.

Teaching Period: Monday 14 November 2011 to Friday 17 February 2012.

Mid Trimester (Christmas) Break: Wednesday 21 December 2011 to Sunday 8 January 2012.

Examination Period

Monday 20 February to Saturday 25 February 2012 (inclusive)

Withdrawal from Course

Your fees will be refunded if you withdraw from this course on or before: **Friday 25 November 2011.**

The last date for withdrawal from this course is the three-quarter point of the teaching period, **13 January 2012.** After that date, students wishing to withdraw late must apply on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation. The application form is available from either of our Student Customer Service Desks.

Class Times and Room Numbers

Workshop Wednesday November 16 17:40 to 21:30 GBLT2

Lectures Wednesdays
23, 30 November 17.40 to 19.30 GBLT2
7, 14 December
11, 18, 25 January 17:40 to 19:30 GBLT3
1, 8, 15 February

Tutorials optional, commencing week 2
Tuesdays
Either 12:30 to 14:30 GBG07
Or 20:00 to 21:30 GBLT1
22, 29 Nov; 6, 13 Dec
10, 17, 24, 31 Jan; 7, 14 Feb

Mid-term test Friday January 13 17:40 to 19:30 TBA

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.

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 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 Delivery

The course will be taught by means of an introductory workshop covering basic principles of economics, ten two-hour 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.

Expected Workload

Workload expectations for this course are 12 hours per week for the 10 teaching weeks (2 hours lecture, 2 hours optional tutorial and 8 hours individual and group study - with the exception of the first week, where there will be 4 hours workshop, two hours lecture and 6 hours individual and group study) and 30hrs during the mid-trimester break.

Group Work

MBA503 contains no mandatory group work required. However, students are encouraged to contribute collaboratively in their study groups and the optional tutorial sessions.

Readings

Recommended textbooks

Paul Milgrom and John Roberts, *Economics, Organization and Management*, (Prentice Hall).

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

Specific Topics

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

These books will be supplemented with applications to contemporary regulatory, competition and business decision problems in the New Zealand context.

Assessment Requirements

The best five marks gained from seven weekly assignments	30%
Mid-term test (closed book) – Friday 13 January 2012	20%
2-hour final examination (closed book)	50%

Assignments

Students will prepare two copies of each hand-in and keep the second copy for their own reference. Students must also keep an electronic copy of their work.

Each of the seven 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 with the lecture notes related to those questions, and will be due at the date of the next lecture.

Assignment 1.	Distributed with lecture 2, due lecture 3 (November 30).
Assignment 2.	Distributed with lecture 3, due lecture 4 (December 7).
Assignment 3.	Distributed with lecture 4, due lecture 5 (December 14)
Assignment 4.	Distributed with lecture 6, due lecture 7 (January 25).
Assignment 5.	Distributed with lecture 7, due lecture 8 (February 1).

- Assignment 6. Distributed with lecture 8, due lecture 9 (February 8).
Assignment 7. Distributed with lecture 9, due lecture 10 (February 15).

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

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 tutorials. Should you have any problems with submission, send an email to bronwyn.howell@vuw.ac.nz (copy to deane.nicholls@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.

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.

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 period from **Monday 20 February to Saturday 25 February 2012.**

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.

Mandatory Course Requirements

Students must complete the mid-term test, the final examination, and at least 3 assignments. In order to pass this course, students are required to obtain at least forty percent of the final examination marks available, and obtain at least fifty percent of the overall course marks available. Failure to meet mandatory requirements does not prevent a student completing other pieces of assessment, including any final examination. (See Section 2 of the Assessment Handbook).

Victoria MBA Grading Standards

- Victoria MBA - **Excellent** Category
 - A (80 – 85%) to A+ (85% and above): The quality is performed to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master’s level.
 - Victoria MBA - **Very Good** Category
 - B+ (70 – 74%) to A- (75 – 79%): The quality is performed at a high standard. Students have reached a level which clearly exceeds “competency”.
 - Victoria MBA - **Good** Category
 - B- (60 – 64%) to B (65 – 69%): The quality is clearly demonstrated without being exceptional in any way. Students can be thought of as competent in respect of this quality.
 - Victoria MBA - **Satisfactory** Category
 - C (50 – 54%) to C+ (55 – 59%): The quality is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to “fail” the student on this quality.
 - Victoria MBA - **Unsatisfactory** Category
 - E (0 – 39%) to D (40 – 49%): The quality is absent or performed to a very low level, or the performance is seriously flawed in this respect.

Class Representative

A class representative will be elected in the first class, and that person’s name and contact details made available to VUWUSA, 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

Communication will generally be by means of Backboard. This includes notices, lecture material, references and assignments.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

Plagiarism is prohibited at Victoria and is not worth the risk. The Course Co-ordinator and Teaching Assistant will randomly check assignments using the Turnitin engine, which compares them to other assignments submitted by the class (including past MMBAS03 cohorts) and a large database of material from around the world. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute of Conduct.

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study

Find out about academic progress and restricted enrolment at <http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at <http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/>

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

http://www.victoria.ac.nz/st_services/tpa/index.aspx

Schedule of Workshops, Lectures and Tutorials

Date	Workshop.Lectures	Tutorials
16 November	Cost and “Efficiency” Concepts; The Firm <ul style="list-style-type: none">• Welfare is efficiency• Opportunity cost• Fixed, sunk and variable cost• Cost curves• Economies of scale and scope• Supply and demand• Coase and transaction costs• The cost of capital of a firm• Property rights• Limited liability	None
23 November	Strategic interaction <ul style="list-style-type: none">• Economics of strategy• Anticipating your rivals response• Looking forwards and reasoning back• Competition and cooperation	None
30 November	Contracts <ul style="list-style-type: none">• Role of contracts• Transactions costs,• Private information in contracts & insurance• Bounded rationality	Assignment

7 December	<p>Moral Hazard and Adverse Selection</p> <ul style="list-style-type: none"> • Principal and agent • Enforcement of agreements • Long term contracts • Insurance contracts • Role of tort • Relational contracts 	Assignment
14 December	<p>Markets: Competition and monopoly</p> <ul style="list-style-type: none"> • The competitive firm • Monopoly pricing and output • Natural monopoly <p>Pricing and Welfare under Regulation</p> <ul style="list-style-type: none"> • Common costs and incremental costs • Problems with marginal cost and TSLRIC • Real options provided by the regulated firm • Price discrimination 	Assignment
11 January	<p>Financial Structure</p> <ul style="list-style-type: none"> • Cost of Capital • Debt/equity structures • Business cases and investment decisions • Real Options 	Test Preparation
18 January	<p>Issues to do with innovation and investment</p> <ul style="list-style-type: none"> • Competition strategy in practice • Innovation and entry in established markets • Regulated vs unregulated markets • Public policy issues in regulation 	Test feedback
25 January	<p>Competition Law</p> <ul style="list-style-type: none"> • Commerce Act – outline • Substantial lessening of competition • Market definition • Barriers to entry • Mergers and conduct • Regulation of markets 	Assignment
1 February	<p>Governance</p> <ul style="list-style-type: none"> • Owners vs Managers • Alignment of interests • Executive / non-executive boards • Function separation / conflict resolution • Performance monitoring 	Assignment
8 February	<p>Internal labour markets and executive remuneration</p> <ul style="list-style-type: none"> • Hierarchies and tournament • Incentives for high performance • Tenure systems • CEO remuneration 	Exam preparation
15 February		Exam preparation

