



جامعة دبي
UNIVERSITY of DUBAI

COLLEGE OF BUSINESS ADMINISTRATION
MBA Course Syllabus
Semester: Spring 2011 – Term 2

Course code & No.: MBA 600
Course Title: Managerial Economics
Prerequisites: None
Faculty Member: Professor Azzeddine Azzam
Contact Details: E-mail: aazzam@ud.ac.ae Phone: 042225411
Class Hours: Time: 06:30pm- 09:30pm Days: Wednesdays..... Room: 402
Office Hours: Time: 05:00pm- 06:00pm Days: Wednesdays... Room: 402

Brief Course Description:

In this course students learn how to use microeconomic principles as tools for analyzing the economic forces that shape the internal and external environment of the business firm and as rules for managerial decision-making that enhances the economic performance of the firm. The course consists of five modules. The first module focuses on demand, supply, and elasticities. The second module covers competitive markets and economic efficiency. The third module deals with cost analysis. The fourth module studies market structure and business strategy. The fifth module focuses on pricing.

MBA Program Objectives (PO):

At the end of the MBA the student is expected to accomplish the following general (1 to 3) and management specific (4 to 5) learning goals

1. Capacity to think critically and communicate effectively as managers (through demonstrating effective professional oral & writing for business and making persuasive presentations at a managerial level).
2. Capacity to work in and lead dynamic international and UAE organizational situations in business and management concept (through demonstrating effective leadership in a team setting, work effectively as a member of a work team, produce quality deliverables from team work)
3. Capacity to adapt and innovate to solve problems, to cope with unforeseen events, and to manage in unpredictable environments (through effective use of quantitative and qualitative analytical tools, make and justify a recommendation).
4. Capacity to analyze ethical situations and justify alternatives across areas of concentrations.
5. Capacity to adapt, apply and analyze knowledge in new and unfamiliar circumstances (through a conceptual understanding of relevant inter- disciplines)

Course Objective (CO): Upon completion of this course, students should be able to:

1. Use microeconomic principles for managerial decision-making in a price-taking environment
2. Use microeconomic principles for managerial decision-making in a price-making environment

Course Learning Outcomes (CLO):

Upon completion of this course, students should be able to demonstrate the following outcomes:

1. **Develop** a fundamental understanding of supply, demand, buyer surplus, seller surplus, and elasticities
2. **Understand** competitive markets and economic efficiency
3. **Use** firm and industry cost analysis for production and strategic decisions
4. **Distinguish** between different market structures and different business strategies
5. **Apply** alternative pricing methods to convert buyer surplus into profits

Blooms Taxonomy

(The following levels of Bloom's taxonomy have been used while developing the above CLO)

Bloom's level	3.Application (AP)	4. Analysis (AN)	5. Synthesis (S)	6.Evaluation (E)
CLO #	3	1-2	4,5	4,5

CLO Mapping: This table maps CLO's to: CO

CLO	Linked to CO	Linked to MBA PO
1	1	3
2	1	3
3	1,2	3
4	2	3
5	2	3

CLO Assessment Scheme

CLO	Class Work (marks)		In-Class Final Exam 30%
	Take-Home Assignments 35%	Case Study Research Project 35%	
1	7	7	6
2	7	7	6
3	7	7	6
4	7	7	6
5	7	7	6
Total	35	35	30

The course is assessed by a combination of class work and a final examination. Class work consists of 2 take-home graded assignments worth 35% of the course grade, and a case study research project also worth 35% of the course grade. The final examination at the end constitutes 30% of the course grade and is taken in class. Each course grade is distributed as follows:

% Marks	Grade	Quality Points
> 95	A	4.0
90-94	A-	3.7
87-89	B+	3.5
83-86	B	3.0
80-82	B-	2.7
Below 80	F (Fail)	0

Guidelines for Case Study Research Projects: All students are required to write a research paper that applies Porter's Five Forces to a particular industry in the GCC. A prototype outline for the paper will be handed out by the instructor. Guidelines are as follows:

1. Students have the choice of working on the research paper individually or as a group. No group shall exceed 5 students.
2. All outlines MUST be approved by the instructor by **May 4, 2011.**
3. Each paper should not exceed 10 double-spaced pages (excluding tables, figures, and references).
4. All drafts, preliminary and final, must be uploaded through Moodle.
5. The deadline for the final draft of the final paper is **June 15, 2011.**
6. All research papers MUST meet the academic honesty standards described UD's Expectations, subsection C on page 36 of the MBA Handbook 2010/2011.

Teaching Methods: Teaching methods used in this course are Interactive learning, lectures, case studies, critical analysis of economic reporting by the popular media, and solving analytical problems.

Use of Modern Instructional Technology: Moodle Learning Systems, Internet, Audiovisual, Digital Library and Online journal readings.

Weekly Teaching Plan							
Week	Week of	Lecture	Chapters	CLO	Chapter Objectives	Assignment / Reading (from the reading list)	
1	13/4/2011	Introduction			Self-introductions Scope and method of managerial economics. Discussion of outline	MQ 1, 2, 3, 4, 5	
2	20/4/2011	Supply and Demand	Chapter 2 & Chapter 4 (sections 5-6)	1	Individual demand, demand and income, other demand factors, market demand, buyer surplus, business demand. Short-run individual supply, market supply, short-run vs long-run market supply, seller surplus.	MQ 6, 9 TE 1 Practice assignment 1	
3	27/4/2011	Market equilibrium and elasticities	Chapter 3, Chapter 4 (section 7) & Chapter 6 (section 5)	1	Market equilibrium, displacement from equilibrium, own-price elasticity, forecasting quantity demanded and expenditure, other elasticities, adjustment time	CS1: Demand elasticities for Dubai beef imports Practice assignment 2	
4	4/5/2011	Competitive Markets, and Economic Efficiency	Chapter 5 & Chapter 6 (sections 1-4)	2	Perfect competition, market equilibrium, supply shift, demand shift, vertical market, conditions for economic efficiency, Invisible hand, incidence	CS2 (video): The price of tea goes up CS3: The global food market Practice assignment 3	
5	11/5/2011	Competitive Markets & Economic Efficiency	Chapter 5 & Chapter 6 (sections 1-4)	2	Perfect competition, market equilibrium, supply shift, demand shift, conditions for economic efficiency, Invisible hand, incidence	CS3: The global food market GN 2, 3, 4 TE 5	
FIRST GRADED ASSIGNMENT							
6	18/5/2011	Costs in Economic Analysis	Chapter 4 (sections 1-4) & Chapter 7	3	Opportunity cost, accounting profits vs economic profits, short-run costs, long-run costs, short-run firm supply, long-run firm supply, market supply, entry and exit, supply elasticity, economies of scope, experience curve, sunk costs.	MQ 8, 11 TE 4 Practice assignment 5	
7	25/5/2011	Costs in Economic Analysis	Chapter 4 (sections 1-4) & Chapter 7	3	Opportunity cost, accounting profits vs economic profits, short-run costs, long-run costs, short-run firm supply, long-run firm supply, market supply, entry and exit, supply elasticity, economies of scope, experience curve, sunk costs.		
SECOND GRADED ASSIGNMENT							
8	1/6/2011	Market Structure and business strategy	Chapter 8 (1-3), 10 (1-4) & Chapter 11(3)	4	Monopoly, monopolistic competition, and oligopoly, Nash equilibrium, prisoner's dilemma, cooperation vs. competition, tacit collusion	GN 5, 6 N1 CS4: Islamic vs. conventional banking in the GCC CS5 (Video) : Global aviation Practice assignment 6	
9	8/6/2011	Pricing	Chapter 9	5	Uniform pricing, perfect price discrimination, quantity discrimination, multimarket price discrimination, indirect segment discrimination, peak-load pricing, inter-temporal pricing, two-part tariffs, tie-in sales. Bundling.	MQ 7, 10 GN 1 TE 2, 3, 6, 7, 8	
10	15/6/2011	course Review		4,5 All CLOs		Practice assignment 7	
11	22/6/2011	FINAL EXAMINATION (COMPREHENSIVE)					

Educational Resources

Education al Resource	Description
Text Book Required	Png. Ivan, Managerial Economics, Wiley- Blackwell publishing, 3 rd edition, paperback, ISBN 13: 978-1405160476
Reading List	<p>Mckinsey Quarterly (MQ):</p> <ol style="list-style-type: none"> 1. "Global forces: an introduction". June 2010. 2. "The great rebalancing." June 2010. 3. "The productivity imperative." June 2010. 4. "The global grid." June 2010. 5. "Pricing the Planet." June 2010. 6. "Why energy demand will rebound." May 2009. 7. "Hal Varian on how the Web challenges managers." January 2009. 8. "The Link between management and productivity". February, 2006. 9. "Delivering value to customers." June 2000. 10. "Virtual pricing." November 2000. 11. "The industry cost curve as a strategic tool." 1981. <p>Gulf News (GN):</p> <ol style="list-style-type: none"> 1. "Du slashes international off-peak calling charges by more than 50%." 3 September, 2010. 2. "Decision on petrol hike pending as retailers seek third increase." 27 August 2010. 3. "Subsidizing water doesn't help." 20 August 2010. 4. "UAE petrol prices to rise for their time in year." 22 August 2010. 5. "Etisalat and Du are ready for-fixed line competition." 4 July 2010. 6. "Ruler's phone call ends Etisalat's 30-year monopoly. 20 February, 2007. <p>The Economist (TE)</p> <ol style="list-style-type: none"> 1. "The Marmite Effect." 23 September, 2010. 2. "Pay more to sit up front." 7 September 2010. 3. "E pluribus tunum: uniform prices for online music are no way to maximize profits." October 22, 2009. 4. "Economies of scale and scope." 20 October, 2008. 5. "Crude measures: not everybody is paying higher prices for oil." 29 March 2008." 6. "History of the internet: will charging on content come to the internet." 21 October 2004. 7. "A bundle of trouble: is bundling really so bad." 5 July 2001. 8. "Indiscriminate pricing: companies often find it profitable to vary their prices according to customers' willingness to pay. But not always. 30 July 1998. <p>Cases Studies (CS1):</p> <ol style="list-style-type: none"> 1. Demand elasticities for Dubai beef imports (Written by Prof. Azzeddine Azzam) 2. The price of tea goes up (BBC News video). http://news.bbc.co.uk/2/hi/business/7882822.stm 3. The Global Food Market. Prepared (Written by Prof. Azzeddine Azzam) 4. Global aviation (BBC News video) http://news.bbc.co.uk/2/hi/programmes/fast_track/9349970.stm <p>Books (Optional):</p> <ol style="list-style-type: none"> 1. Anderson, C. Free: <i>How Today's Smartest Business Profit by Giving Something for Nothing</i>. Random House Business Books, 2009. 2. Porter, M. E. <i>Competitive Strategy: Techniques for Analyzing Industries and Competitors</i>. The Free Press. 1998. <p>Notes (N):</p> <ol style="list-style-type: none"> 1. Business Strategy. Available at http://moya.bus.miami.edu/~dkelly/teach/eco685/eco685notes_strategy.pdf