

ECO-501: Economics for Managers

Spring 2016

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Lectures: MI 105, T 06:00 PM–09:00 PM

Office hours: M W 11 AM–1 PM
or by appointment.

Course website: <https://canvas.lemoyne.edu>
Log in with your Le Moyne ID and password.

Course Description

This course, Economics for Managers, reviews economic theories and applications that are essential to key management decisions. The course is divided into two parts and is designed to provide managers with the tools that help them make business decisions to foster the goals of their organization. In the first part, we review microeconomic theory to understand the logic behind the choices made by consumers, and learn theories that guides producer's decision-making under different market scenarios. The second part reviews macroeconomic topics and discusses the causes and consequences of macroeconomic fluctuations as well the role of monetary and fiscal policies in moderating these fluctuations. In addition to economic theories and applications, we also discuss case studies and historical examples order to explain the complex management decisions.

Learning Objectives

- Recognize the economic forces that affect external environments in which firms and organizations operate.
- Understand the intuition behind consumer decision-making and evaluate the consequences for the businesses.
- Develop the ability to use economic analysis to identify appropriate business strategies under different market structure.
- Recognize the implications of public policies that are aimed at regulating business decisions.
- Develop the ability to critically examine the policies undertaken by the government and the Federal Reserve to stabilize the economy and their implications for the economy in general and business in particular.
- To be able to analyze/predict the effects of external factors on the firm, and design and evaluate the potential success of business strategies.

Required Readings

1. **Economics for Managers** by Paul G. Farnham, Third Edition. ISBN: 978-0-13-277370-6.
2. **Case studies**
 - (a) “[Cola Wars Continue: Coke and Pepsi in 2006](#)”. Harvard Business School Case 702-442, April 16, 2009.
 - (b) “[Apple Inc. in 2012](#)”. Harvard Business School Case Study 9-712-490, August 4, 2012.
3. In addition, articles from academic journals and popular press may be assigned.

Students with Disabilities

If you have a disability and need accommodations, please meet with me within the first two weeks of the semester to review your accommodation sheet. You should meet with someone from the Office of Disability Support Services each semester to review your documentation. The Office is located in the Library (1st floor; 445 4118; dss@lemoyne.edu).

Grading Policy

Graded Item	Weight	Description
Group Homework	25%	5 homework assignments – 5 points each. May involve case study, journal and/or newspaper articles, or problems from covered materials from the book.
Class participation	10%	The grade will be determined on the basis of the student’s participation in the classroom discussion and the ability to answer questions from the assigned readings.
Midterm exam	20%	
Group Project	25%	A term paper (15 points) and class presentation (10 points).
Non-cumulative Final	20%	

Missed Exam, Project, and Homework Policy

A make-up exam will be given only in exception circumstances.

Observance of Religious Holidays

As provided in New York State Education Law Section 224-a, any student who is unable to register for class, attend class, or participate in any examination, study or classwork requirements on a particular day because of his or her religious beliefs is eligible for an equivalent opportunity to register for classes or make up any missed examination, study, or classwork requirements, without penalties or additional fees. For details, see the “Class Attendance” section of the College catalog or the “[Academic Life](#)” section of the Student Handbook.

Academic Standards

Students are expected to observe at all times the highest ethical standards as members of the academic community. Any form of dishonesty makes a student liable to severe sanctions, including expulsion from the College. For details, see the “Academic Standards” section of the College catalog or the Student Handbook.

Tentative Course Schedule and Reading Assignments

- [January 26] Introduction; Managers and Economics (Chapter 1). Preview of “Cola Wars Continue: Coke and Pepsi in 2006”.
- [February 2] No class.
- [February 9] Measuring Economic Activity (Chapter 11)
“Malthus, the false prophet”; “Chasing the leader”; “Fears grow of repeat of 2008 financial crash as investors run for cover”; “How the Fed Saved the Economy”; “Long-Run Economic Growth”
- [February 16] Demand, Supply, and Equilibrium Prices (Chapter 2); Demand Elasticities (Chapter 3)
“Downsizing Supersize”; “Organ Donation: Let the Market Rule?”
- [February 23] Production and Cost Analysis in the Short-Run (Chapter 5); Production and Cost Analysis in the Long-Run (Chapter 6); Market Structure: Perfect Competition (Chapter 7)
- [March 1] Market Structure: Monopoly and Monopolistic Competition (Chapter 8); Market Structure: Oligopoly (Chapter 9)
“The Best Little Monopoly in America”; “The Five Competitive Forces That Shape Strategy”
- [March 8] Spring break. No class.
- [March 15] Market Failure: Externalities, Information Asymmetry (Adverse Selection and Moral Hazard), and Public Goods. Handouts to be distributed later.
“Global Warming: Who Loses and Who Wins?”; “Campaign Over Soda Tax Bubbles Up”
- [March 22] Cola Wars Continue: Coke and Pepsi in 2006 case study discussion; Hand in case study papers and evaluation of group members.
- [March 29] Midterm Exam.
- [April 5] This class reserved!
- [April 12] The Role of Money in the Macro Economy (Chapter 13)
“The Science of Success”
- [April 19] The Aggregate Model of the Macro Economy (Chapter 14); Combining Micro and Macro Analysis of Managerial Decision Making (Chapter 16).
- [April 26] Apple Inc. in 2012 case study discussion; Hand in case study papers and evaluation of group members.
- [May 3] Case Study Presentations; Q&A for the final exam.
- [May 13] Final Exam – Friday, 6:00–8:30 PM