

Managerial Economics and Organizational Architecture

FIN-ISS415

Course Description

This course is designed to connect economic theory to practical issues faced by the managers at real firms. The focus is on the way economic theory affects the firm's behavior both internally and externally. Internal issues include organizational structure issues and contract design, especially as these issues relate to opportunism, rent-seeking and asymmetric information.

Required Texts

Managerial Economics and Organizational Architecture 7th Edition by James Brickley, Clifford Smith, and Jerold Zimmerman

Supplemental readings will be handed out during class.

Prerequisite

Intermediate Microeconomics. For non-degree seeking students, please contact your enrollment advisor.

Course Assessment

Details	Course Weight
Midterm Exam	30%
Final Exam	40%
Homework	10%
Quizzes	20%

Learning Outcomes

- Identify a variety of economic problems faced by business organizations
- Analyze the process of managerial decision making
- Apply principles of economics to managerial problems

Evaluation and Grading

A	93-100	B-	80-82	D+	67-69
A-	90-92	C+	77-79	D	63-66
B+	87-89	C	73-76	D-	60-62
B	83-86	C-	70-72	F	0-59

Course Hours

The course has 20 class sessions in total. Each class session is 150 minutes in length, for a total of 3000 minutes of in-class time. Students are expected to spend 15-20 hours per week outside of class. The University awards 4 credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. The University's policy requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, **the University's policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.**

Academic Honesty

The University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

Disability Accommodation

Any student who needs special accommodation due to the impact of disability should inform the University within 10 days before the program starts.

Course Topics

Lecture	Topics
1	<ul style="list-style-type: none"> • Introduction to the course • Economists' View of Behavior
2	<ul style="list-style-type: none"> • Exchange and Markets
3	<ul style="list-style-type: none"> • Demand
4	<ul style="list-style-type: none"> • Production and Cost
5	<ul style="list-style-type: none"> • Market Structure
6	<ul style="list-style-type: none"> • Pricing with Market Power
7	<ul style="list-style-type: none"> • Economics of Strategy: Creating and Capturing Value
8	<ul style="list-style-type: none"> • Economics of Strategy: Game Theory
9	<ul style="list-style-type: none"> • Incentive Conflicts and Contracts
	<i>Midterm</i>
10	<ul style="list-style-type: none"> • Organizational Architecture
11	<ul style="list-style-type: none"> • Decision Rights: The Level of Empowerment
12	<ul style="list-style-type: none"> • Decision Rights: Bundling Tasks into Jobs and Sub-units
13	<ul style="list-style-type: none"> • Attracting and Retaining Qualified Employees
14	<ul style="list-style-type: none"> • Incentive Compensation
15	<ul style="list-style-type: none"> • Individual and Divisional Performance Evaluation
16	<ul style="list-style-type: none"> • Corporate Governance
17	<ul style="list-style-type: none"> • Vertical Integration and Outsourcing • Leadership: Motivating Change within Organizations
18	<ul style="list-style-type: none"> • Understanding the Business Environment: The Economics of Regulation
19	<ul style="list-style-type: none"> • Ethics and Organizational Architecture
20	<ul style="list-style-type: none"> • Organizational Architecture and the Process of Management Innovation
	<i>Final</i>