Unit Outline*

MGMT8503

Economic Management and Strategy

MBA
Trimester 2, 2011
Crawley

Associate Professor Paul Crompton

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
UNIT DESCRIPTION

Introduction
Welcome to MGMT8503 Economic Management & Strategy. The unit aims to provide an understanding of economics to managers so that they have the knowledge they need to interpret the economy around them, and the place of their organization within it. This unit will be interactive with a lot of class discussions, where students learn to apply both macro and microeconomic concepts to current business developments.

Unit content
The theory and concepts are simple, and the focus will be on using these to provide a framework within which to interpret the economic information and misinformation that abounds in most economies of the world. The modern manager needs to understand the economic environment in which decisions are made and how it might affect these decisions, without necessarily being able to undertake formal economic analysis on any particular aspect of the economy.

It is not intended that this unit transform experienced managers into economists by teaching economic theory, and then practicing it in a theoretical context. Answers provided by economics are rarely definitive, and must have practical knowledge applied to them if they are to suit business situations.

You are expected to read the text and related material, and gain an understanding of the theory, both from your own background knowledge and with the assistance of the unit coordinator. Once you have this understanding, you will be expected to apply it to the process of management decision-making. These latter expectations are what will be undertaken in the classes. The most valuable knowledge you will receive, and the techniques you derive will be those you develop yourself during this unit.

The goal of the unit
The objective of the unit as a whole is that you understand the basic theoretical structures of microeconomics and macroeconomics, and learn to apply them in business situations. This will take the form of demonstrating that you can assess the issues within various economic environments, both domestic and international, in terms of those concepts, and explain the place of this assessment in business decisions. The most important objective of this unit is to develop and enhance basic analytical skills at a practical level. The most important tool is your interest and thought: creative and constructive. The ultimate objective of this unit is that you have the knowledge to understand that economics can contribute to successful decision-making, but it is not the final answer to anything you will experience as a manager. Seeing the relationships and using that knowledge in a practical fashion is the key.

Learning outcomes
On completion of this unit, you should be able to:

- Understand how individual markets operate.
- Good understanding how an industry’s competitive structure will affect businesses.
- Good understanding of how macroeconomic issues affect businesses.
- Good understanding of macroeconomic issues in Australia and overseas.
Educational principles and graduate attributes

In this unit, you will be encouraged and facilitated to develop the ability and desire to:

- To master the subject matter, concepts and techniques of their chosen discipline(s) at internationally-recognized levels and standards;
- To adapt acquired knowledge to new situations;
- To think and reason logically and creatively;
- To undertake problem identification, analysis and solution;
- To question accepted wisdom and be open to new ideas and possibilities;
- To acquire mature judgment and responsibility in ethical, moral, social, and practical, as well as academic matters;
- To work independently and in a team;

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

Success in this unit requires that you understand all of the seminar, tutorial, textbook and reading materials. Seminars and tutorials will cover both the theoretical material covered in the textbooks and readings, as well as practical examples and case studies.

In this unit you need to first master the theoretical economic models, and then be able to discuss their implications in a wide range of real-world situations.

Teaching and learning evaluation

You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

Attendance

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’. Where a student, due to exceptional circumstances, is unable to attend a scheduled class, they are required to obtain prior approval of the unit coordinator to be absent from that class. Any student absent from class without having had such absence approved by the unit coordinator may be referred to the faculty for advice and may be required to withdraw from the unit.
CONTACT DETAILS

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>Associate Professor Paul Crompton</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Paul.Crompton@uwa.edu.au">Paul.Crompton@uwa.edu.au</a></td>
</tr>
<tr>
<td>Phone:</td>
<td>6488 2929</td>
</tr>
<tr>
<td>Consultation hours:</td>
<td>By appointment</td>
</tr>
<tr>
<td>Lecture times:</td>
<td>Wednesdays, 6.00pm – 9.00pm</td>
</tr>
<tr>
<td>Lecture venue:</td>
<td>BUSN: 242 Case Study Room</td>
</tr>
</tbody>
</table>

Lecturer Details

Associate Professor Paul Crompton  BBus Hons (Curtin), PhD (UWA).


TEXTBOOK(S) AND RESOURCES

Unit website

http://www.webct.uwa.edu.au

Recommended/required text(s)

This course will use the following book:


Additional resources and reading material

Additional reading material will be distributed during the trimester as required.
# UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Topic</th>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td><strong>PRICES AND MARKETS</strong></td>
</tr>
</tbody>
</table>
| 1     | May 18 | Supply and Demand  
Chapter 2 Supply and Demand  
Chapter 4 Elasticity  
Reading:  
Arnold  Chapter 4 Supply and Demand: Practice |
| 2     | May 25 | Costs and Production  
Chapter 9 Production  
10 Costs |
| 3     | June 1 | Competitive Markets  
Chapter 11 Perfect Competition  
10 Using the Competitive Model (available on WebCT)  
Optional Reading:  
Hubbard Urban Congestion — Why 'Free' Roads are Costly  
| 4     | June 8 | Monopoly  
Chapter 12 Monopoly  
14 Advanced Pricing Techniques |
| 5     | June 15 | Oligopoly and Game Theory  
Chapter 13 Imperfect Competition |
| 6     | June 22 | The Microeconomics of Financial Markets  
Chapter 6 Bonds, Bonds Prices and the Determination of Interest Rates  
7 The Risk and Term Structure of Interest Rates |
|       |      | **MACROECONOMICS, MONEY AND FINANCE** |
| 7     | June 29 | Global Financial Flows  
Reading:  
IMF Global Imbalances: A Savings and Investment Perspective (pp91–98)  
US Federal Reserve, Ben Bernanke  
| 8     | July 6 | Fiscal Policy  
Readings:  
TBA |
<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Title</th>
<th>Author</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 July 13</td>
<td>Money and Monetary Policy</td>
<td>Bernanke</td>
<td>Chapter 9 <em>Money, Prices and the Reserve Bank</em> Chapter 10 <em>The Reserve Bank and the Economy</em></td>
<td></td>
</tr>
<tr>
<td>10 July 20</td>
<td>International Finance</td>
<td>Bernanke</td>
<td>Chapter 4 <em>Foreign Exchange and the International Monetary System</em></td>
<td></td>
</tr>
<tr>
<td>12 August 3</td>
<td>International Macroeconomics</td>
<td>Mankiw</td>
<td>Reading: <em>(available on WebCT)</em> Chapter 14 <em>Open-economy Macroeconomics: Basic Concepts</em> Chapter 15 <em>A Macroeconomic Theory of the Open Economy</em></td>
<td></td>
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ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Test</td>
<td>20%</td>
<td>June 22, 6pm</td>
<td></td>
</tr>
<tr>
<td>Group Assignment</td>
<td>20%</td>
<td>July 27, 2pm</td>
<td>Submit group assignment via UniPrint</td>
</tr>
<tr>
<td>Presentation</td>
<td>20%</td>
<td>TBA</td>
<td>Schedule to be circulated. Submit presentation slides and supporting written documentation via UniPrint on the day of presentation.</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
<td>TBA</td>
<td>Exam period (6-13 August)</td>
</tr>
</tbody>
</table>

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

Assessment components

Class test (20%)

- Open book exam.
- One hour and ten minutes writing time (ten minutes reading time).
- Answer three short answer questions (from a choice of four questions).
- The test will be held in the first hour of class on June 22 at 6pm.
- Assessment guidelines will be available on WebCT prior to the exam.

Group assignment (20%)

- World limit of 3000 words.
- Groups of 3–4 students (groups must be different to those for the presentation).
- Assignment question will be available in Week 4 of trimester.
- Submit your group assignment via UniPrint by July 27 at 2pm.
- Assessment guidelines will be available on WebCT.
Presentation (20%)

- 20 minute group Powerpoint presentation.
- Groups of 3–4 students (groups must be different to those for the assignment).
- Written document supporting the presentation to be submitted as part of the assessment.
- Set of presentation topics to be circulated in Week 3.
- Submit your presentation slides and supporting written documentation via UniPrint on the day of presentation.
- Assessment guidelines will be available on WebCT prior to the presentation.

Final exam (40%)

- Open book exam.
- Two hours writing time (ten minutes reading time).
- Answer three short answer questions (from a choice of four questions) and one essay questions (from a choice of three questions).
- Exam date: TBA
- Assessment guidelines will be available on WebCT prior to the exam.

Submission of assignments

Submit your assignments in an electronic format by going to the UniPrint web site www.uniprint.uwa.edu.au, then click on “Student Assignments” and follow the instructions.

Student Guild

Phone: (+61 8) 6488 2295
Facsimile: (+61 8) 6488 1041
E-mail: enquiries@guild.uwa.edu.au
Website: http://www.guild.uwa.edu.au

Charter of Student Rights and Responsibilities


Appeals against academic assessment

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer http://www.secretariat.uwa.edu.au/home/policies/appeals ).