

# AgEcon 3286: Economics of Managerial Decision Making Fall 2015

**Instructor:** Matt Sveum

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**Class:** 2:00-3:15, Tuesdays and Thursdays, Mumford 133

**Office Hours:** 9:00-10:30, Wednesdays; and by appointment

**Office Location:** 135C Mumford Hall

## Course Description

Classic economic theory, as discussed in a principles class (see: AgEc 1041, ECON 1014) or an intermediate-level class (see: ECON 4351), assumes that a firm (business) is a black box. Inputs flow in and output flows out. In other words, the process that uses these inputs to create outputs is exogenous to the theory. This class begins to open that black box. We will work to understand managers' decision making process from an economic point of view. We will discuss how firms are structured and why they take that form (and why there are so many different business structures). We will look at ways to motivate managers, and how attract good employees. By the end of the semester, you should have a much deeper understanding of the business environment and managerial decision making.

We will start the class by reviewing microeconomic concepts. We will take these concepts a step beyond the principles treatment by adding in simple calculus. The extent of the calculus used in this class barely goes beyond derivatives. None-the-less, you should brush up on your mathematical toolbox. You may also want to review your micro notes if you feel rusty. I will provide some calculus review in class, and I am more than happy to assist you in office hours, but it is your responsibility to know the material.

The schedule (available on Blackboard) gives a rough guide for the semester. Please read the assigned readings before coming to class each week. Most readings are in the Course Content section of Blackboard. If a reading is not posted on Blackboard, you can find it via the library's website.

## Requirements

### Textbook

The main textbook for this class is *Managerial Economics and Organizational Architecture* by James Brickley, Clifford Smith, and Jerold Zimmerman (known as BSZ in this syllabus and other course documents). It is currently in the 5<sup>th</sup> edition. However, you may use the 4<sup>th</sup> if you can find it cheaper. The 5<sup>th</sup> edition's ISBN is 9780073375823.

You are expected to read the relevant chapters before coming to class. This will help you to better understand the material being taught and to ask better questions.

While you are not required to read the Wall Street Journal or any other news publication, understanding the current economic and business environment will help you to better understand the class. I suggest following the WSJ and other economic news publications on Twitter to keep up with the latest news.

## Technology

I will post homework and reading assignments, as well as announcements on Blackboard. You are required to check Blackboard regularly, and all announcements on Blackboard will be assumed to have been read. I will also post grades on Blackboard. You have one week from the date that a grade is posted to alert me of any mistakes I made. After that time, grade changes can not be guaranteed.

Taking notes on a laptop, while not banned, is probably not a good idea. If you want to use a tablet, that is fine.

## Course Elements

### Exams (20% each for two midterms + 25% for one final = 65%)

There will be two midterm exams and one final. The midterms will be on September 24 (week 5) and October 22 (week 9) in class. The final exam will be on Tuesday, December 15 **at 12:30pm**. By signing up for this class, you agree to take the final exam as scheduled. If you are unable or unwilling to take the final at this scheduled time, you should not take this class. All exams are closed book. You will be allowed to use a calculator, but you may not use a cell phone or iPod Touch-type device as a calculator. So make sure that you have a calculator by the first exam. Exams have a strict no-cheating policy. If you are caught using a cell phone, notes, etc during the exams, you will receive a zero for the exam. Make-up exams will not be given, except in a pre-planned, university-sponsored, event (athletic event, band concert, etc.). In the event that you miss a midterm for any other reason, I will re-weight your final to include the missed points. Missing the final will result in a failing course grade.

### Homework (30%)

There will be periodic homework throughout the semester, consisting of three types: problem sets, brief “memos,” and in-class group assignments. The problem sets will be based off of the economic theory covered. They will be “mathy” and require you to solve problems. The memos will be designed to get you thinking about the class concepts in conversational English. I will not accept late homework, so make sure that you hand it in on time. If you are going to be gone on the due date, hand it in during the previous class or send it with a friend. Emailed assignments will not be accepted. To accommodate for this, I will drop on problem set style homework and one memo style homework from your grade.

Finally, there will be a small number of in-class group homework assignments. These can not be dropped from your grade. However, if you miss class when there is a group assignment, you can turn it in by the next class for most of the credit.

### Attendance & Participation (5%)

This requires that you are both present in class and attentive. Simply showing up to class every time will not result in a perfect attendance & participation score. Being in class, and being on time to class are important, but being prepared for class, in addition to asking good questions and answering my questions are far more important.

## **Classroom Expectations**

I expect that students are respectful of their classmates. This means that opinions are treated with respect and that you pay attention to lecture and conversations. I expect that you keep cell phones put away, as well. I reserve the right to determine attendance points based on how attentive you are in class. Texting is considered inattentive.

## **Academic Dishonesty**

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

## **Students with Disabilities**

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible.

If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Office of Disability Services (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

## **Intellectual Pluralism**

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>); or the MU Equity Office (<http://equity.missouri.edu/>), or by email at [equity@missouri.edu](mailto:equity@missouri.edu). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

## **Recording**

University of Missouri System Executive Order No. 38 lays out principles regarding the sanctity of classroom discussions at the university. The policy is described fully in Section 200.015 of the Collected Rules and Regulations. In this class, students may make audio recordings of course activity unless specifically prohibited by the faculty member. However, the redistribution of audio recordings of statements or comments from the course to individuals who are not students in the course is prohibited without the express permission of the faculty member and of any students who are recorded. Students found to have violated this policy are subject to discipline in accordance with

provisions of Section 200.020 of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters. Video recordings are not allowed.