

CHAMINADE UNIVERSTIY

Summer Term 2011

Economic Analysis for Managers, MBA 601

INSTRUCTOR: *Dr. Gholam Khaleghi*

Thursday: 05:45 PM

OFFICE HOURS: By Appointment

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Economic analysis for managers (MBA 601) will study both microeconomic and macroeconomic issues relevant to business managers. It will provide perspectives and tools to enhance managerial problem solving within the context of business social responsibility, environment sustainability, and ethics. This course will examine the criteria for measuring organizational (and societal) success: economic, ecological and social. Then, the focus will be on economic variables that corporate leaders and managers could utilize to enhance shared value, which is the triple bottom line (i.e. people, planet, profit). Later, the discussion will be on market structures and non-market values for environmental and social services and approaches to measure national progress toward sustainable growth. Other topics include pricing strategies, cost analysis, monetary and fiscal policies, and the open economy. Finally, the causes and potential solutions to environmental and social degradation will be evaluated and the roles of businesses, government, and nonprofit sectors in fostering sustainability will be analyzed.

Students Learning Outcomes

This course will allow students to:

- 1. Define economics and explain the differences in scope and methods of microeconomics and macroeconomics.**
- 2. Have a thorough understanding of the concepts of efficiency and equity in evaluation of government economic/business policies and examine the major contributing factors to rising income and wealth inequality.**
- 3. Explain the key ideas and utilize mathematical methods that define the economic behavior, rationality, and ethics (what, how much, how and for whom to produce as guided by the various markets and non-market systems).**
- 4. Use graphical and mathematical methods to show how to enhance shared value and maximize the triple bottom line (i.e. people, planet, profit).**
- 5. Expand their awareness about the environment as an increasing part of the core business model for sustainability and growth.**
- 6. Enhance their knowledge of corporate ethical behavior and social responsibility, particularly in the realm of environmental protection.**

Students need to buy the required textbook. Other required reading materials will be selected from the following list then, either will be posted on eCollege or put on library reserve.

Required Textbook: “Economics for Managers”, 2/Ed; By Paul G. Farnham. Publisher: Prentice Hall, 2010. <http://www.pearsonhighered.com/educator/product/Economics-for-Managers-2E/9780136065524.page>

“Beyond Markets and States: Polycentric Governance of Complex Economic Systems”, by Elinor Ostrom, Nobel Laureate in Economics, http://nobelprize.org/nobel_prizes/economics/laureates/2009/ostrom_lecture.pdf

“Corporate Social Responsibility Through An Economic Lens”; by Reinhardt, Professor of Business Administration at Harvard Business School; Stavins, Professor of Business and Government at the John F. Kennedy School of Government, Harvard University; and Vietor, Professor of Environmental Management at Harvard Business School, 2008.

"The Social Responsibility of Business is to Increase its Profits" Milton Friedman, Nobel Laureate in Economics.

“Freefall: America, Free Markets, and the Sinking of the World Economy,” 2010, Joseph E. Stiglitz, Nobel Laureate in Economics.

“Mismeasuring Our Lives: Why GDP Doesn't Add Up,” 2010, Joseph E. Stiglitz, Nobel Laureate in Economics. – Hard Copy (Book)

“On Ethics and Economics”; 2000; by Amartya Sen; Nobel Laureate in Economics.

“On Economic Inequality”; by Amartya Sen; Nobel Laureate in Economics.

“Sustainability and the Measurement of Wealth,” 2010, Kenneth J. Arrow, Nobel Laureate in Economics, National Bureau of Economic Research.

“The Return of Depression Economics,” 2000, by Paul Krugman, Nobel Laureate in Economics.

“Valuing Ecosystem Services,” by Barbier, E. and G. Heal, *Economists’ Voice*, Berkeley Electronic Press, Feb. 2006 <http://www2.gsb.columbia.edu/faculty/gheal/Economists-Voice-published.pdf>

Weekly Activity and Content:

Week	Topics
Wk 01: Jul. 07	Review of syllabus and assignments & Introduction and Overview of Economics
Wk 02: Jul. 14	Handout: Demand and Supply
Wk 03 Jul. 21	Handout: Economic Challenges Facing Contemporary Business
Wk 04: Jul. 28	Handout: Macro – economics: Fiscal policy (govt. economic policy – collect taxes or spend money); Monetary Policy – Central Bank

Wk 05: Aug. 04	Valuing Ecosystem Services,
Wk 06: Aug. 11	Business Ethics and Social Responsibility
Wk 07: Aug. 18	“Freefall: America, Free Markets, and the Sinking of the World Economy,” “Corporate Social Responsibility Through An Economic Lens”; Income Inequality
Wk 08: Aug. 25	Why Economy Went Down and What will Happen to the US in the Future
Wk 09: Sep. 01	Team Project Presentation
Wk 10: Sep. 08	Final Exam

Grading:

<i>Class Discussions</i>	<i>20%</i>
<i>Team Presentation</i>	<i>20%</i>
<i>Team Project</i>	<i>30%</i>
<i>Exam</i>	<i>30%</i>
Total	<i>100%</i>

Team Project:

- 1. Analysis/Application Integration: Analyze the interrelationship among various areas of an organization within the context of economic, social and environmental sustainability goals.**
- 2. Management - Given an organizational case/scenario, create a plan developing and communicating purpose and vision, motivating people to overcome barriers, and creating the momentum for achieving organizational financial, social, and environmental sustainability goals.**