



MBA 6240: Managerial Economics

Professor Karen Wruck
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Faculty Profile

Karen Wruck is Dean's Distinguished Professor and Professor of Finance at the Fisher College of Business, The Ohio State University. Prior to her appointment at Ohio State, Wruck served on the faculty of the Harvard Business School. Her research and teaching are in the fields of financial and organizational economics, with special emphasis on corporate finance, restructuring, financial distress, governance, and management compensation. She has published numerous articles in leading academic journals and developed highly successful courses for delivery to MBAs and executives. In addition, her work and opinions have been highlighted in business periodicals. Professor Wruck is an associate editor of the *Journal of Financial Economics*, *Journal of Corporate Finance*, *Journal of Financial Research* and *European Financial Management* and she serves as an ad hoc referee for many other academic journals. She has served as an academic director of the Financial Management Association and the Turnaround Management Association, a consultant to major corporations and has worked on a number of high-profile corporate litigation projects as a subject matter expert.

During her time at Ohio State, Professor Wruck has served in senior leadership positions at the Fisher College of Business, including Associate Dean and Senior Associate Dean with responsibility for all Fisher's degree granting academic programs and major operating units within the College. In addition, as a senior leader of the College, she worked on significant issues including strategy, centers of excellence, AACSB reaccreditation, curriculum design, semester conversion, new minors and degree granting programs, budget, faculty appointments, compensation, workload and a variety of special projects and initiatives. In recognition of her leadership and service, Professor Wruck received Ohio State's Mary Ann Williams Award, which recognizes a woman exhibiting extraordinary leadership, and Fisher's Bostick-Georges Pacesetter Service Award, which recognizes exceptional leadership and service to the College of Business. In addition, Professor Wruck has on multiple occasions been selected as outstanding professor by Ohio State's full-time and executive MBA programs.

Professor Wruck holds an A.B. from Davidson College, Phi Beta Kappa, in Economics, and both an M.S. in Applied Economics and a Ph.D. in Finance and Accounting from the University of Rochester.



Course Description

The goal of this course is to provide an economics-oriented framework for analyzing managerial and organizational problems and to understand how a firm's internal economic design affects organizational outcomes. Further, the course will develop your ability to expand and enrich your knowledge of organizations, markets, and management from the evidence acquired throughout your careers. You should expect to leave the course not with a set of “cookbook” solutions, but an effective, powerful way of thinking about business problems and their solutions through the lens of applied economics.

Throughout the course we will study tools of economic analysis and apply them to important managerial problems. However, when traditional economics does not adequately address a topic that is important to our understanding of organizations, markets, and management, we will move beyond its boundaries. The overarching goal is to use economics to strengthen your ability to identify the root cause of a problem, to formulate effective solutions, and to adopt effective approaches in their implementation.

The course material stresses the importance of theory in solving problems, and combines theory development with both examples and case analyses that illuminate and challenge the theory. While the material is theoretical and analytical, it is not mathematically technical. At times the material may be extraordinarily frustrating, at others deceptively easy.

As is so often the case in business, what appears obvious and simple is often, in fact, subtle and complex. Frustration often results from material that adopts a position radically different from students' current views. At such times the material can seem one-sided, and this is exacerbated by the fact that the analysis often leads to an unambiguous point-of-view that can sometimes be controversial. All students are advised to keep an open mind while engaging in professional and productive debate about economic concepts and ideas.

Learning Objectives

Through the lens of economics, we will examine the following:

1. How individuals make decisions
2. How markets work
3. The challenges and opportunities associated with market failures
4. The impact of organizational architecture on organization outcomes
5. How managers can use performance metrics, decision rights, and rewards and punishments to achieve their desired outcomes.



Required Materials

1. Free Open Source Textbook: Principles of Microeconomics
 - Go to <https://www.openstaxcollege.org/textbooks/principles-of-microeconomics/get>
 - Choose your desired format
2. Selected chapters from *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill.
3. Coursepack from Harvard Business School Publishing

Student Evaluation

On-line Content Comprehension Quizzes (No collaboration)	40
Contribution to Class Discussions (No collaboration)	40
Exam 1 (No collaboration)	40
Exam 2 (No collaboration)	40
Exam 3 (No collaboration)	40
Total	200 points

Descriptions of Assignments

On-line Content Comprehension Quizzes:

After each module of on-line content, there will be a short quiz evaluating comprehension of the on-line content. There will be 9 quizzes in total, each worth 5 points, the lowest quiz score will be dropped. The quizzes must be completed by the beginning of the class period on the assigned due date. *Note: these are evaluated solely on completion. Thinking about the questions on the quizzes will prepare you for the class discussion and serve as a solid foundation for mastery of the concepts on the exams. However, it is not necessary to spend a lot of time composing answers for the quizzes. They serve to nudge your thinking and learning in the right direction and not intended to evaluate your mastery of the concepts. Invest your time in understanding the concepts, do not invest a lot of time in writing them down.*

Contribution to Class Discussions:

The complexity of the course material relies heavily on discussion-based learning. This process allows the cumulative insights of your colleagues to contribute to the evolution of the class's learning. With the objective of establishing as dynamic and effective a learning environment as possible, the course requires a commitment on your part to be



fully prepared for and engaged with the class discussions. I am committed to creating an environment in which open, rigorous discourse is the standard. Thus, each of you must be willing to not only share your ideas and analysis with your colleagues, but be open to challenges of those ideas.

In order to emphasize the necessity to be prepared for and to contribute to each class, class contribution will comprise a significant portion of your grade. As is the case with real world work environments, you are judged by what you **contribute**. Even if you feel that you know the material, unless you share your insights with the class, no one can adequately evaluate your preparedness and contribution. Students are not penalized for making comments that don't appear to be the "right answer." It is only through consideration of many diverse opinions and viewpoints that we will move toward a greater shared understanding of the multi-dimensional material that this course includes.

Each day, I may ask one or more individuals to "open" the discussion with a summary of the key issues along with his or her analysis of those issues. It is important that each of you be prepared to respond to the invitation to open the discussion. You should be able to identify the key issues, problems and opportunities facing the central case protagonists, to articulate and evaluate alternative approaches to problems, and to describe the course of action that you recommend and the reasons for your recommendations. We may begin the discussion with one of the questions in the assignment or with another question.

It is important to appreciate that every student is an important cog in the class discussion, and that it is equally important that each of us listen carefully to one another and attempt to build on or constructively critique prior comments. Please resist the temptation to jump to topics that are not specifically open for discussion. It is also important to note that you are rewarded for your contribution, not just participation. Your contribution score will be based on how much you contribute to the class' learning, not just by how much you talk in class. Some of the specific things that will have an impact on *effective* class participation and on which you will be evaluated include:

- Is there a willingness to take intellectual risks and test new ideas, or are all comments "safe"? (Safe comments include repetition of case facts without analysis or conclusions or repeating comments that have already been made by someone else.)
- Are the points made relevant to the discussion? Are they linked to the comments of others and to the themes that the class is exploring together?
- Do the comments add to our understanding of the situation? Are they incisive? Do they cut to the core of the problem?
- Is there a willingness to challenge the ideas that are being expressed?



- Does the participant integrate material from past classes or the readings where appropriate? Do the comments reflect cumulative learning over the course and the MBA curriculum, or does the participant merely consider each case in isolation?
- Is theoretical material applied effectively and appropriately?

I will assign different class members to be reporters for each class period. These students will note the contributions of their classmates, I will use this record to supplement my own contribution records. When there are substantial differences in assessment, the student will be given the benefit of the doubt. All days with class recorders will be evaluated as part of the contribution grade, but days without recorders may not be evaluated and thus may not impact your contribution score.

Exams: There will be an exam after each week of class. The exams will consist of some combination of short answer and short essay questions. Previous exams will be made available in advance.

Grade Appeal Policy: Grades on exams and assignments are intended to reflect the overall quality of performance of the student(s). If you think your grade on an exam or assignment does not reflect the quality of your performance, submit a clear written explanation of your reasoning *within one week after the return of your assignment or test*. The written document need not be long but must clearly identify the problem or issue of concern. Any grade appeals must be conducted in writing. I will carefully consider all such appeals. I reserve the right to re-grade all portions of an assignment or test. *There will be no grading appeals after the one-week deadline has passed.*

University Academic Policies

- A. Academic Misconduct
(from <https://oaa.osu.edu/academic-integrity-and-misconduct/student-misconduct>)

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. In the Code of Student Conduct, Ohio State defines “academic misconduct” as “any activity that tends to compromise the academic integrity of the university or subvert the educational process.” Cases of misconduct range from deliberate acts of cheating to unintended missteps, in which students fail to distinguish their work from someone else’s. Thus, students are expected to complete all academic and scholarly assignments with fairness and honesty.

By university rule, a professor must report any suspected instance of academic misconduct to the Committee on Academic Misconduct (COAM). A review panel of the committee will investigate the charges; decide whether or not a violation has occurred; and, if the panel finds there has been an offense, determine an appropriate penalty.



The Fisher College of Business has moreover adopted an Honor Code which applies to all students pursuing Fisher degrees:

As a member of the Fisher College of Business Community, I am personally committed to the highest standards of behavior. Honesty and integrity are the foundations from which I will measure my actions. I will hold myself accountable to adhere to those standards. As a future leader in the community and business environment, I pledge to live by these principles and celebrate those who share these ideals.

B. Disability Accommodation
(from <https://slds.osu.edu/faculty-staff/syllabus-statement/>)

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let the professor know immediately so that options can be privately discussed between you and the professor. To establish reasonable accommodations, you may be requested to register with Student Life Disability Services. After registration, meet with the professor to discuss your accommodations so that they may be implemented in a timely fashion.

SLDS contact information: slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.