

**MANAGERIAL ECONOMICS:
ORGANIZATIONS, MARKETS AND MANAGEMENT
COURSE SYLLABUS**

**Masters of Business Administration Program
Max M. Fisher College of Business
The Ohio State University**

Professor Karen H. Wruck

Autumn/Winter 2025, Updated 9/28/25 subject to further revision

COURSE OBJECTIVES

To develop an economics-oriented framework that facilitates the identification and analysis of business problems, and the development and implementation of solutions to those problems. The tools of the course apply to economy-wide problems, industry-wide problems, firm and organization specific problems and individual decision-making. You should expect to leave the course, not with a set of "cookbook" solutions to problems, but with a set of new, powerful ways of thinking about business problems and their solutions.

APPROACH TO PROBLEMS AND SOLUTIONS

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 can lead to an unambiguous point-of-view that is controversial.

CLASSROOM ENVIRONMENT

With the objective of establishing as dynamic and effective a learning environment as possible, the course requires a commitment on your part not only to attend all classes, but to prepare fully and to participate. We will work together to create an environment in which open, rigorous discourse is the standard. Thus, each of you must be willing not only to share your ideas and analysis with your colleagues but be open to well-intentioned challenges of those ideas.

COURSE MATERIALS

The course material is cumulative, making it important to keep up with the readings, to pay close attention to class discussions, and to keep good notes. Failure to do so can leave students lost and confused when it comes time to apply the material. I recommend that you review the course materials and your course notes regularly.

Readings, cases, journal articles, discussion questions and study questions will form the basis of class discussions. Chapters from the textbook *Managerial Economics and Organizational Architecture* by James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman serve as foundational readings. Typically, students comprehend much of the textbook material without substantial lecturing by the instructor. Thus, while there will be some lectures on the more important and/or difficult material, most of our class time will be spent applying the theory and concepts to problems through open, interactive classroom discussion of cases and applied discussion problems.

Each session's assignment contains a set of questions. You might find it helpful to read the discussion questions both before and after reading the assigned materials. Past students have found this to be a useful way to focus their reading efforts and prepare for class discussions.

SEATING ARRANGEMENTS

I would like to request that you sit in the same seat each day. This helps me keep track of class participation and makes it easier for you to interact with each other during class discussions. Please select your preferred seat at the beginning of our second session and try to sit in this seat in each session during the remainder of the quarter.

COURSE REQUIREMENTS AND GRADING

The following are the general principles of grading in this course:

- The requirements of the course are identical for everyone. This means it is not possible to make up for poor performance through extra credit work.
- No late assignments will be accepted for any reason.
- Exams cannot be retaken or taken at other than the scheduled time except under extreme circumstances.

Assignments are allocated points as follows:

- *Individual Assignments: approximately 25 points per assignment*
- *Team Assignments: approximately 25 points per assignment*
- *Take Home Final: approximately 75 points*
- *Attendance and Class Participation: strong performance boosts marginal grades. While no explicit points have been assigned to class participation, participation will be an important factor in determining the final grade for students that are on the margin between two grades.*

Grades will be assigned on a curve determined at the end of the semester that is appropriate for graduate level course work. A dramatic improvement in performance as the course progresses may also lead to a better grade than that suggested purely by the total points scored in the course.

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 exam. The written document need not be long but must clearly identify the problem or issue of concern. I will carefully consider all such appeals. There will be no grading appeals after the one-week deadline has passed.

OFFICE APPOINTMENTS (virtual and otherwise)

I am happy to discuss any issues of concern to you on an individual basis. The best way to reach me is by email at wruck.1@osu.edu to set up a call or zoom appointment.

UNIVERSITY AND COLLEGE ACADEMIC POLICIES

All of the relevant University and College Academic Policies apply to this class. Of particular note are the policies articulated below.

- 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.

Moreover, The Fisher College of Business has 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.

C. Use of AI

There has been a significant increase in the popularity and availability of a variety of generative artificial intelligence (AI) tools, including ChatGPT, Sudowrite and others. These tools will help shape the future of work, research and technology but when used in the wrong way, they can stand in conflict with academic integrity at Ohio State.

All students have important obligations under the [Code of Student Conduct](#) to complete all academic and scholarly activities with fairness and honesty. Specifically, students are not to use unauthorized assistance in the laboratory, on field work, in scholarship or on a course assignment unless such assistance has been authorized specifically by the course instructor. In addition, students are not to submit their work without acknowledging any word-for-word use and/or paraphrasing of writing, ideas or other work that is not your own. These requirements apply to all students undergraduate, graduate, and professional.

To maintain a culture of integrity and respect, these generative AI tools should not be used in the completion of course assignments unless an instructor for a given course specifically authorizes their use. Some instructors may approve of using generative AI tools in the academic setting for specific goals. However, these tools should be used only with the explicit and clear permission of each individual instructor, and then only in the ways allowed by the instructor.

Month One — Overview and Deliverables

This class is delivered in two-hour discussion blocks. The class meets six times in four-hour blocks.

Thus, in Month One, I will deliver Sessions 1A, 1B, 2A, and 2B.

The topics and materials for each session are listed below. Detailed assignment sheets that include discussion questions for preparation are included in the course materials, as are the various readings.

In Month One, there are three individual deliverables as described below. They will be due the day prior to your arrival on campus. Early submissions are welcomed and indeed recommended to facilitate learning and to avoid cramming and last-minute panic.

PLEASE USE YOUR OWN BRAIN TO COMPLETE YOUR DELIVERABLES. You can discuss the assignments with your classmates but avoid the use of AI and other substitutes for thinking as they will inhibit your ability to master the course material.

The expectation is that you will complete all the required readings prior to class and come prepared to engage in discussion around the questions provided. I have done my best to assign a volume of material that is reasonable given the time constraints I know each of you face.

Session 1A SUPPLY, DEMAND AND EQUILIBRIUM

“The Outlook: US Farmers Are Hurt by Asian Crises, Too,” Bernard Wysocki Jr., *The Wall Street Journal*, 7/20/98.

“How Uncle Sam Could Ease the Shortage,” Gary S. Becker, *Business Week*, 1/20/97.

“Lessons from a Hurricane: It Pays Not To Gouge,” Steve Lohr, *The New York Times*, September 22, 1992, p. D1, column 3.

“He Has 17,700 Bottles of Hand Sanitizer and Nowhere to Sell Them,” Jack Nicas, *The New York Times*, March 14, 2020.

Textbook reading: Chapter 3, “Exchange and Markets,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 1997.

For this session read from the beginning of the chapter up to (*and not including*) the section entitled “Government Intervention.” You will not be required to do the algebra associated with supply and demand in this course.

Session 1B GOVERNMENT INTERVENTION

“Taylor Swift and Tariffs Can Both Help Sell Diamonds, Two big developments could help bring back the allure of natural diamonds,” Jinjoo Lee, *The Wall Street Journal*, August 31, 2025.

“China’s Snub of U.S. Soybeans Is a Crisis for American Farmers,” Alan Rappeport, *The New York Times*, September 15, 2025.

“Discussion Problem: The California Electricity Market: A Simplified but True Story,” Karen H. Wruck.

Textbook reading: Chapter 3, “Exchange and Markets,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 1997.

For this session read the section entitled “Government Intervention” including the relevant application on the minimum wage.

Session 2A	PROPERTY RIGHTS, EXTERNALITIES, AND MARKET FAILURE
	“Discussion Problem: Buckeye Egg Farms,” Karen H. Wruck.
	“Discussion Problem: Down the Tube in London,” Karen H. Wruck.
	“Discussion Problem: Evicted Americans Ponder Paradise Lost,” Karen H. Wruck.
	Background reading: “Economics: Pricing, Demand, and Economic Efficiency — A Primer,” U.S. Department of Transportation, accessed at: https://rosap.ntl.its.dot.gov/view/dot/831 , read “Pricing and Economic Efficiency” (pp. 11 -14) and “Forms of Congestion Pricing” (p. 15).
	Textbook reading: Chapter 3, “Exchange and Markets,” <i>Managerial Economics and Organizational Architecture</i> , James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 1997.
	For this session read the section entitled “Externalities and the Coase Theorem” including the relevant applications.
	Textbook reading: Section 5.1 “Externalities,” <i>Principles of Microeconomics</i> , Shamistha Nag. Accessed at: https://ecampusontario.pressbooks.pub/principlesofmicroeconomicscdn/chapter/5-1-externalities/

Session 2B	PROPERTY RIGHTS AND ECONOMIC DEVELOPMENT
	“The Missing Ingredient,” Hernando de Soto, <i>The Economist</i> , September 11, 1993
	“Dead Capital and the Poor,” Hernando de Soto, <i>SAIS Review</i> (1989-2003), vol. 21, no. 1, 2001, pp. 13-44. Accessed at: <i>JSTOR</i> , https://www.jstor.org/stable/26996330 . Accessed 28 Sept. 2023.
	Textbook reading: Chapter 3, “Exchange and Markets,” <i>Managerial Economics and Organizational Architecture</i> , James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 1997.
	For this session read from the section entitled “Markets versus Central Planning” through the end of the chapter.

Individual deliverables for Month One.

- 1) **Pick one of the four articles listed in Session 1A that is of the most interest to you.** Read the article and write up the answers to the discussion questions provided in the detailed session assignment document. Take no more than one-half page, single spaced in reasonably sized font per question. Upload a pdf file with your answers in the appropriate spot on Carmen.
- 2) **Pick one of the three readings/discussion problems listed in Session 1B that is of most interest to you.** Read the discussion and write up the answers to the discussion questions. Take no more than one-half page, single spaced in reasonably sized font per question. Upload a pdf file with your answers in the appropriate spot on Carmen.
- 3) **Pick one of the three discussion problems listed in Session 2A that is of most interest to you.** Read the discussion and write up the answers to the discussion questions. Take no more than one-half page, single spaced in reasonably sized font per question. Upload a pdf file with your answers in the appropriate spot on Carmen.

OR

Write a one-page reflection on your most surprising or interesting learnings from the de Soto readings in Session 2B. If you did not learn anything or found nothing surprising, pick the other option for this assignment.

Month Two — Overview and Deliverables

This class is delivered in two-hour discussion blocks. The class meets six times in four-hour blocks.

Thus, in Month Two, I will deliver Sessions 3A, 3B, 4A, and 4B.

The topics and materials for each session are listed below. Detailed assignment sheets that include discussion questions for preparation are included in the course materials, as are the various readings.

In Month Two, there is one individual deliverable and one team deliverable as described below. They will be due the day prior to your arrival on campus. Early submissions are welcomed and indeed recommended to facilitate learning and to avoid cramming and last-minute panic.

PLEASE USE YOUR OWN BRAIN TO COMPLETE YOUR DELIVERABLES. You can discuss the assignments with your classmates but avoid the use of AI and other substitutes for thinking as they will inhibit your ability to master the course material.

The expectation is that you will complete all the required readings prior to class and come prepared to engage in discussion around the questions provided. I have done my best to assign a volume of material that is reasonable given the time constraints I know each of you face.

Session 3A MARKET POWER, PRICING, AND PROFITS

Discussion problem: “‘Relaxing’ Bayer’s Patent on Cipro,” Karen H. Wruck

Discussion problem: “Pharmaceutical Pricing in the U.S. and Canada,” Karen H. Wruck

“Multiple Sclerosis Drug to be Distributed by Lottery,” Transcript from National Public Radio Segment with Bob Edwards, 10/4/93.

Textbook reading: Chapter 6, “Market Structure,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 2021, read up to and including section on monopoly.

Chapter 7, “Pricing with Market Power,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 2021.

Session 3B MARKET POWER AND VALUE CREATION

Case: “De Beers Consolidated MinesLtd. (A),” Pankaj Ghemawat and Toby Lenk, Harvard Business School Case 9-391-076.

Session 4A ORGANIZATIONAL ARCHITECTURE: AN INTRODUCTION

Discussion Problem: “Agency Problems and Corporate Jets,” George P. Baker.

Application: “How Tyco Pushed ADT Dealers into Poor Areas to Boost Growth,” Daniel Golden, Mark Maremont and David Armstrong, *The Wall Street Journal*, November 15, 2002.

Journal Article: “Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure,” Michael C. Jensen and William H. Meckling, *Journal of Financial Economics*, 1976, read pages 1 to 12, and from the bottom of page 32 (section 2.6) to 39 only. (Note that the theory contained in pages 13 to 32 is the mathematical expression of the corporate jet example we will work through below.)

Textbook reading: Chapter 11, “Organizational Architecture,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 2021.

Session 4B

ORGANIZATIONAL ARCHITECTURE: CASE ANALYSIS AND DISCUSSION

Case: The O.M. Scott & Sons Company, George P. Baker and Karen H. Wruck, Harvard Business School Case 9-190-148.

Accompanying Press Article: "The Case for Managing by the Numbers," Harold Geneen, *Fortune*, October 1, 1984, pp. 78-81.

Diagram: Conglomerate versus LBO Organizational Forms.

Optional Relevant Reading: "Corporate Budgeting is Broken—Let's Fix It," Michael C. Jensen, *Harvard Business Review*, 2001.

Individual deliverable for Month Two.

Pick one of the two discussion problems listed in Session 3A (Bayer/Cipro or US/Canada) that is of the most interest to you. Read the discussion problem and write up the answers to the discussion questions provided in the detailed session assignment document. Take no more than one-half page, single spaced in reasonably sized font per question. Upload a pdf file with your answers in the appropriate spot on Carmen.

Team deliverable for Month Two.

Pick one of the two cases assigned this month that is of the most interest to you (DeBeers or Scotts) and complete the relevant assignment explained below.

- 1) **For DeBeers:** You have been hired as part of a team to consult to De Beers. You have been asked to make a recommendation as to whether De Beers should "plug on the CSO's stockpiling strategy" and in light of your answer to make specific recommendation as to actions that De Beers should take. They have specifically asked you to address the class Discussion Questions in your analysis and to support your recommendations with strong economic reasoning and analysis. Having said that, please **DO NOT** explicitly answer the questions one by one in your report. The report should take the form of a business memo.
- 2) **For Scotts:** You have been hired as part of a team to consult to outside investors (Limited Partners) considering investing in the Scott LBO Fund. You have been asked to analyze the deal structure and the business prospects for the firm after the LBO and advise on whether or not to invest. They have specifically asked you to address the class Discussion Questions in your analysis. Having said that, please **DO NOT** explicitly answer the questions one by one in your report. The report should take the form of a business memo.

Month Three — Overview and Deliverables

This class is delivered in two-hour discussion blocks. The class meets six times in four-hour blocks.

Thus, in Month Two, I will deliver Sessions 5A, 5B, 6A, and 6B.

The topics and materials for each session are listed below. Detailed assignment sheets that include discussion questions for preparation are included in the course materials, as are the various readings.

In Month Three, there is one individual deliverable and one team deliverable as described below. They will be due the day prior to your arrival on campus. Early submissions are welcomed and indeed recommended to facilitate learning and to avoid cramming and last-minute panic.

PLEASE USE YOUR OWN BRAIN TO COMPLETE YOUR DELIVERABLES. You can discuss the assignments with your classmates but avoid the use of AI and other substitutes for thinking as they will inhibit your ability to master the course material.

The expectation is that you will complete all the required readings prior to class and come prepared to engage in discussion around the questions provided. I have done my best to assign a volume of material that is reasonable given the time constraints I know each of you face.

Session 5A CONTRACTS, VERTICAL INTEGRATION AND THE PROBLEM OF SPECIFIC ASSETS

Problems to prepare: PCOB Specific Asset Problem Pack, Karen H. Wruck.

Textbook reading: Chapter 19, “Vertical Integration and Outsourcing,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 2021, skip appendix.

Session 5B THE RELATION BETWEEN PAY AND PERFORMANCE

Case: Lincoln Electric Co., Norman A. Berg and Norman E. Fast, Harvard Business School Case 9-376-028.

Textbook reading: Chapter 15, “Incentive Compensation,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 2004, skip the appendix.

Session 6A CORPORATE GOVERNANCE AND THE MARKET FOR CORPORATE CONTROL

Case: American Cyanamid (A) & (B) Combined, Karen H. Wruck and Sherry P. Roper, Harvard Business School Case 9-898-120.

Accompanying Article: What’s a Director to Do? Michael C. Jensen and Joe Fuller.

Textbook reading: Chapter 18, “Corporate Governance,” *Managerial Economics and Organizational Architecture*, James A. Brickley, Clifford W. Smith, Jr. and Jerold L. Zimmerman, Irwin/McGraw-Hill, 2021.

Session 6B DECISION RIGHTS, DISPUTE RESOLUTION, AND THE ROLE OF CORPORATE CULTURE

Case 1: Paul Solman and Thomas Friedman, “The Anti-Business Business,” Chapter 8 in *Life and Death on the Corporate Battlefield*, Simon and Schuster, 1982, pp. 184-205.

Case 2: W.L. Gore, “The Lattice Organization—A Philosophy of Enterprise.”

Accompanying Article: “Wilbert L. Gore,” *Industry Week*, October, 1983, p. 48-49.

Individual deliverable for Month Three.

Pick either the discussion problem on Enron India or Kentucky Railroad CSX, whichever you find most interesting. Read the discussion problem and write up the answers to the discussion questions provided in the detailed session assignment document. Take no more than one-half page, single spaced in reasonably sized font per question. Upload a pdf file with your answers in the appropriate spot on Carmen.

Team deliverable for Month Three.

Pick either the American Cyanamid Case (6A) or the Real Paper/WL Gore Case (6B) whichever you find most interesting and complete the relevant assignment explained below.

- 1) **For American Cyanamid:** You have been hired as part of a team to conduct a “post-mortem” of the events that took place in the ACY case. Specifically, you have been asked to assess the effectiveness of ACY’s governance, and whether ACY should have worked harder to avoid a takeover by AHP (if so, what additional measures could have reasonably been taken). You have also been asked to examine the actions of Director MacAvoy and assess whether he behaved appropriately and professionally during the events that transpired. If not, what would you coach him to have done differently? As part of your analysis, consider each of the above Discussion Questions and support your recommendations with strong economic reasoning and analysis. Having said that, please **DO NOT** explicitly answer the questions one by one in your report.
- 2) **For Real Paper/Gore:** Write a short “white paper” that critically assesses the important similarities and differences between the organizational architecture (OA) of Gore and the Real Paper. Explain how in each case choices about OA led to predictable behaviors that affected decision-making and performance. Please address the above Discussion Questions in your analysis and support your recommendations with strong economic reasoning and analysis. Having said that, please **DO NOT** explicitly answer the questions one by one in your report.