PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

DR. DONALD M. ATWATER

MBAM 698.11

ISSUES IN BUSINESS:
GLOBAL ECONOMICS

FALL 2003 (SESSION B)
(October 20 – December 1)

MONDAYS

8:00A.M. – 12:00P.M.

MALIBU

SYLLABUS
Introduction

Most managers can create an effective business program to expand sales. Some can prepare effective cost reduction programs. But few managers are prepared to implement timely response programs to counter anticipated downturns in a global economy that affect their business performance. In today’s global marketplace, an economic downturn in one country can quickly spread across nations and into projected business performance and earnings.

Managing business performance during an expected downturn in a business cycle can be a difficult proposition. Like most difficult propositions, the first time through such a process is the most challenging. This course offers students an opportunity to build their performance management skills during their MBA program, so they will be better prepared to respond to global, business cycle changes during their careers.

In this course, students will create a tangible, corporate response program for a corporation operating in a global recession period. Economic theories, concepts, and approaches taught in the Managerial Economics and Macroeconomic courses are applied and extended. Students use quantitative and statistical tools as well as accounting, finance and marketing methods to create and assess the merits of their corporate response program. Performance improvements and cost effectiveness standards are calculated and chased. Multiple movement scenarios will be created and acted upon. The change process will be examined at both the global economic system level and market business cycle level.

Course Description

This course builds upon the IMF 2002 World Economic Outlook and scenarios created by students. In addition, business performance measurements, revenue data and cost data collected in MBAM 602 and MBAM 612 courses can be used in this course. Building relationships with the available data and information, is viewed as an effective extension of the application and learning process.
Lectures will focus specific session topics. Course lecture materials will be introduced to enhance the awareness of students to current and future movement processes in global economic systems and markets. Sessions will include project status meetings with an emphasis on sharing of findings and problem solving.

**Course Objectives**

The primary objective of this course is to create and solve a complex and real business performance problem in an uncertain future using as many tools and skills as possible. Each student will select a session topic as a change driver for the global economy and track its movement effects on corporate performance.

The course is intended to increase the awareness of students to downside business cycle movements, their causes and the opportunities they present for management. This course will challenge students who have been waived out of the Managerial Economics and Macroeconomic courses as well as students interested in building upon their work in these courses.

Students will identify controllable and uncontrollable movements that affect business performance. Students will be challenged to create a response program that reverses negative performance impacts. Wherever possible quantitative relationships will be built for selected corporations so that movements and responses are visualized for specific companies on a global level.

**Texts and Course Materials**

Four books are required for this course.

**Required Textbooks**


- *IMF World Outlook* April 2003

  *The Pepperdine bookstore would prefer in this case that the student go direct to IMF to purchase the book. You can contact IMF at (202) 623-7000. You will need to ask for academic pricing. The book should arrive within 7-10 business days.*

- A publication from an International Organization (such as the OECD, WTO, or World Bank) *(student selected)*

- *Global Economics: Contemporary Issues for 2002* by David Breg *(An E-Book available on Amazon.co.uk)*
Grading

Four reports are required for this course. There are no examinations. The maximum point score for the course is **700 points**. The maximum point totals for the individual course work items are:

- World 2002 Outlook Review 100 Points
- Scenario Vision Statement 100 Points
- International Org Report Review 100 Points
- Corporate Response Paper 200 Points
- Panel Presentation 100 Points
- Participation (in-class) 100 Points

**TOTAL** 700 Points

Grades will be assigned as follows:

- A 94-100%
- A- 90-94%
- B+ 87-90%
- B 83-87%
- B- 80-83%
- C+ 77-80%
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Class Deliverables

The four class deliverables are:

**World 2002 Outlook Review** – will be an assessment of the impacts of the IMF forecast on the performance and earnings on a corporation chosen by the student. This report should be 3-4 pages in length. This report can be either a qualitative or quantitative analysis of the corporation’s performance based on the IMF outlook.

**Scenario Vision Statement** – will focus on an analysis of a “negative” shock to the global economy. Students will select a source for the “shock” from the session topic list. This 4-6 page report should include a quantitative analysis of the shock process and its effects on business performance over a five year period.

**International Organization Report Review** – will be an assessment of an article published by a major international organization about the global economy. Each student will select an article and explain how it confirms or negates the IMF’s world outlook. This will be a qualitative report with few (if any) numbers. An emphasis should be placed on the direction of change from the IMF baseline. This report will be a maximum of 2 pages in length.
Corporate Response Paper – will be a response to the scenario vision statement done in the second paper. In other words, it will be an assessment of one of the session topics as it applies to a selected corporation’s performance. For example, the effects of anticipated disclosure rule changes on corporate performance in a global environment. This report can be any length and format that the student deems appropriate. It should be noted, however, that this report will be graded on the basis of a possible 200 points so it is twice as important as other papers in the series.

Panel Presentation and Participation

Each student will be assigned to a panel discussion based on the session topic that he/she chooses to do his/her scenario vision statement and corporate response paper on. The panels will convene during the last class session to compare the responses created by the session topic drive on different corporations.

Students will also be graded on their participation in the course sessions. Each student is expected to contribute original thoughts to the discussions and to interact with the guest speakers.

Attendance Policy

You are expected to come to class prepared. Class discussions will be extensively used. Your participation in class discussions is an important part of this course. Current international events will be viewed as opportunities to apply macroeconomic theories and analyze the effectiveness of policies.

Conduct

“The University expects from all of its students and employees the highest standard of moral and ethical behavior in harmony with its Christian philosophy and purposes. Engaging in or promoting conduct or lifestyles inconsistent with traditional Christian values is not acceptable. The following regulations apply to any person, graduate or undergraduate, who is enrolled as a Pepperdine University student. These rules are not to be interpreted as all-inclusive as to situations in which discipline will be invoked. They are illustrative, and the University reserves the right to take disciplinary action in appropriate circumstances not set out in this catalog. It is understood that each student who enrolls at Pepperdine University will assume the responsibilities involved by adhering to the regulations of the University. Students are expected to respect order, morality, personal honor, and the rights and property of others at all times. Examples of improper conduct for which students are subject to discipline are as follows:

- Dishonesty in any form, including plagiarism, illegal copying of software, and knowingly furnishing false information to the University.
- Forgery, alteration, or misuse of University documents, records, or identification.
- Failure to comply with written or verbal directives of duly authorized University officials who are acting in the performance of assigned duties.
- Interference with the academic or administrative process of the University or any of the approved activities.
- Otherwise unprotected behavior that disrupts the classroom environment.
• Theft or damage to property.
• Violation of civil or criminal codes of local, state, or federal governments.
• Unauthorized use of or entry into University facilities.
• Violation of any stated policies or regulations governing student relationships to the University.

Disciplinary action may involve, but is not limited to, one or a combination of the alternatives listed below:

- **Dismissal** – separation of the student from the University on a permanent basis.
- **Suspension** – separation of the student from the University for a specified length of time.
- **Probation** – status of the student indicating that the relationship with the University is tenuous and that the student’s records will be reviewed periodically to determine suitability to remain enrolled. Specific limitations to and restrictions of the student’s privileges may accompany probation.” See current catalog.

**Policy on Disabilities**
**Assistance for Students with Disabilities**

“Students with disabilities, whether mental or physical, are encouraged to contact the Equal Opportunity Office before the academic year begins or soon after classes are in session. This office will assist each student by providing general information about campus facilities and available resources. The office will assist in providing reasonable accommodation to students with disabilities pursuant to applicable laws. Inquiries should be directed to equal opportunity officer, at (310) 506-6500. (Students who wish to file a formal grievance should refer to the “Nondiscrimination Policy,” which is listed in the “Legal Notices” section of this catalog.)”

GSBM Catalog, pg. 31.

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**Schedule of Classes**
## Calendar – Session Topics and Assignments

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<th>Date</th>
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<td>Oct 20</td>
<td>IMF World Economic Outlook and Scenarios</td>
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<td>Oct 27</td>
<td>Business Issues and Global Economics</td>
<td>World Outlook Review</td>
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<td>Nov 3</td>
<td>Data Analysis, Scenario Building and Forecasting</td>
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<td>Nov 10</td>
<td>Terrorism and Externalities</td>
<td>Scenario Vision Statement</td>
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<td>Nov 17</td>
<td>Global Mergers/Acquisitions and Pricing Discrimination</td>
<td>International Organization Report Review</td>
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<td>Nov 24</td>
<td>Information (Moral Hazard and Adverse Selection) or Topic to be selected by student</td>
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