



WBU Online

School of Business

**2. UNIVERSITY MISSION STATEMENT**

Wayland Baptist University exists to educate students in an academically challenging, learning-focused and distinctively Christian environment for professional success and service to God and humankind.

**3. COURSE NUMBER & NAME:**

BUAD 5302-vc01, Foundations of Economics and Finance Theory and Practice

**4. TERM:**

Fall, 2018 (Aug 20 – Nov 3)

**5. INSTRUCTOR:**

Dr. Charles Starnes

**6. CONTACT INFORMATION:**

Office phone: 806-291-1027

WBU Email: [starnesc@wbu.edu](mailto:starnesc@wbu.edu)

Cell phone: 806-584-5011

**7. OFFICE HOURS, BUILDING & LOCATION:**

Various, NBB 110, always available by email, phone, or text

**8. COURSE MEETING TIME & LOCATION:**

Online August 20 – November 3, 2018

**9. CATALOG DESCRIPTION:**

Elements of economics, finance, and quantitative methods. Transcripts evaluated to determine requirements. Students not having courses in at least two of the areas are required to take BUAD 5302 during the first or second term of enrolment in the MBA program and prior to any graduate courses having economics, finance, or quantitative methods as a prerequisite.

**10. PREREQUISITE:**

None

**11. REQUIRED TEXTBOOK AND RESOURCE MATERIAL:**

**\*\* Bundle Contains THREE TEXTBOOKS with access code**

**\*\* Available only through the Wayland Baptist University Bookstore \*\***

| BOOK                                       | AUTHOR   | ED  | YEAR | PUBLISHER              | ISBN#           |
|--|--|-----|------|------------------------|-----------------|
| Foundations of Economic and Finance Theory | Mankiw/Brigham/Houston/<br>Anderson/Sweeney/Williams | 6th | 2015 | Cengage<br>** Bundle** | 9781-30576-4491 |

## 12. OPTIONAL MATERIALS

- a. Financial Calculator (optional): TI BA-II Plus or the HP10BII are recommended. Any calculator that can solve Time-Value-Money problems will do.
- b. *Wall Street Journal*. As MBA or MAM students you need to be aware of the "newspaper of record" for business in the United States. As long as you are a student you can get an inexpensive student subscription at <http://wsj.com/studentoffer>. I expect you to take at least one subscription to the WSJ to learn of the robust information available in both newspaper and the Online Journal (you may select print or electronic versions, print version includes the electronic online Journal).

## 13. COURSE OUTCOMES AND COMPETENCIES:

### ***From ECON 2307 and 2308 – Macro and Micro Economics – Weeks 1-3***

Discuss the basic trade-offs faced by people, firms and nations in making choices based on opportunity cost including the concept of marginal analysis and its application to rational decision making.

Explain the advantages of free trade and the costs of trade constraints.

Evaluate and apply the measurements of the conditions of an economy and compute macroeconomic measurements including GDP, CPI, unemployment, and inflation.

Describe the role of government in formulating economic policy and determine the impact of expansionary and contractionary monetary and fiscal policy.

Explain the determinants of demand and supply and how the model explains the market and apply the supply-demand model to price and output determination in a market.

### ***From FINA 3309 – Financial Management – Weeks 4-7***

Assess the role of the financial manager regarding wealth creation and ethical application of business principles.

Apply the time value of money concept to compute results for single amount and annuity present and future value problems.

Construct various pro forma financial statements and use them to develop financial forecasts including dividend policies and their impact on the value of the firm.

Explain the term structure of interest rates and discuss theories of interest rate determination.

Identify capital market instruments and their characteristics; and value stock and bond prices and yields. Describe the capital asset pricing model.

Compute the cost of capital for the firm including weighted average cost of capital and apply finance tools for capital budgeting decisions.

Discuss theoretical approaches to risk measurement under single asset and portfolio conditions.

***From BUAD 4335 – Quantitative Decision Making – Weeks 8-11***

Identify and describe four sources of data and four types of data.

Describe, calculate and interpret the numerical descriptive measures.

Calculate and interpret confidence intervals.

Formulate and test one tail and two tail hypothesis for sample mean vs. population mean ( $\sigma$  known and  $\sigma$  unknown) including sample proportion vs. population proportion

Apply the linear regression model and interpret results

**14. ATTENDANCE REQUIREMENTS:**

- a. The University expects students to actively participate in the online course. There are no scheduled class meetings. All information pertaining to this course is on Blackboard. The Blackboard software effectively measures participation. Logging in, submitting assignments, completing examinations, and participating in the discussion board constitute your attendance record.
- b. Online participation is required for course completion. Regularly accessing the course each week is expected. Students must discuss with me alternatives for course completion if expected course participation cannot be met.
- c. You should plan to spend 6-10 hours per week reviewing material, completing assignments, participating in the discussion board including your DBF inputs and reading other inputs, and researching issues through library and other sources.
- d. **Deadlines and Due Dates.** Whoever said, "Stuff Happens" was right. Many of you will be caught up in unforeseen circumstances (like hurricanes or maneuvers or TDY or business trips or medical emergencies or computer crashes or . . .). Normally

homework is due Saturday at midnight. The new week begins on Sunday. Extensions to deadlines may be necessary, and you'll be informed in those instances. I design the course for flexibility. Please let me know how I can help you meet my primary goal ("For each of you to satisfactorily complete the course"). I'll work with you as much as possible so that your unforeseen circumstances don't interfere with that goal. **There are only a few hard deadlines. I will make sure these are clearly presented in the assignment instructions.** The course ends at midnight Saturday of Week 11, and all work must be completed by the end of course. Thanks for keeping me informed about storms, trips, and military camp outs. "Catch Up, Keep Up, Get Ahead"

#### **15. STATEMENT ON PLAGIARISM & ACADEMIC DISHONESTY:**

Wayland Baptist University observes a zero tolerance policy regarding academic dishonesty. Per university policy as described in the academic catalog, all cases of academic dishonesty will be reported and second offenses will result in suspension from the university.

#### **16. DISABILITY STATEMENT:**

In compliance with the Americans with Disabilities Act of 1990 (ADA), it is the policy of Wayland Baptist University that no otherwise qualified person with a disability be excluded from participation in, be denied the benefits of, or be subject to discrimination under any educational program or activity in the university. The Coordinator of Counseling Services serves as the coordinator of students with a disability and should be contacted concerning accommodation requests at (806) 291-3765. Documentation of a disability must accompany any request for accommodations.

#### **17. COURSE REQUIREMENTS and GRADING CRITERIA:**

**Grades per WBU standard, see Academic Catalog: Check the Assignments Tab early each week – course is updated on Saturday for the upcoming week's assignments.**

##### **Grade Computation:**

$$\text{Final Score} = 0.15 * \text{EconHW} + 0.15 * \text{FinHW} + 0.15 * \text{StatHW} + 0.3 * \text{DBF} + 0.1 * \text{Portfolio} + 0.15 * \text{Final}$$

- a. **Exam (15%):** One short exam at end of course to assess your general knowledge.
- b. **Discussion Board Forum (DBF) (30%).** The Discussion Board Forum is where you engage the material. There are **three forums: Economics, Finance, and Statistics.** **Make a minimum of six (6) substantive postings in each forum.** This is the part of the course where your understanding of economic, finance and quantitative decision making theory and practice will be developed and reinforced. It is, perhaps, the most important part of the course. Each forum contains several challenging cases or questions for your comments.
  1. You **must make at least 6 substantive contributions per forum** to the threaded discussion. Respond to some or all of the starter questions or other posts. Hint: More is usually better. You can either support or refute the observations or hypothesis presented. You may provide examples or references to support or refute other students' contributions. You should guard any proprietary information neutralizing such information to prevent direct association with any

individuals/organizations who may be impacted. Please exercise civility in discussing the issues that may arise during the course.

2. Every student is expected to read all posts to the DBF. You may critique or comment on any input (including those made by the instructor).
3. The DBF grade is divided equally into three periods. At the end of each period the DBF will be scored. The average of the three forum scores will be the DBF grade. Each forum is available for four weeks. Once a forum is closed no more posts will be accepted.
  1. ECON forum is available Weeks 1-4
  2. FINA forum is available Weeks 4-7
  3. STATS forum is available Weeks 8-11

- c. Homework (45%, three segments at 15% each).** Homework will be provided using Aplia through Blackboard. There are 31 required chapter assignments broken down as follows: ECON – 12, FINA – 11, STATS – 8, plus six optional assignments. Your grade will be determined by the top 10 ECON scores, top 9 FINA scores and the top 7 STATS scores. Bonus points are earned for completing the optional assignments.
- d. Stock Portfolio (10%).** Beginning with Week 4 you will maintain a stock portfolio. Instructions are provided in Week 4 Assignments. You can brag (or moan) about your portfolio weekly in the “Stock Pickers” forum in the discussion board beginning in Week 5. Week 11 Assignments will have a mandatory element for your final report.

**17.1 Grade Appeal Statement:** “Students shall have protection through orderly procedures against prejudices or capricious academic evaluation. A student who believes that he or she has not been held to realistic academic standards, just evaluation procedures, or appropriate grading, may appeal the final grade given in the course by using the student grade appeal process described in the Academic Catalog. Appeals may not be made for advanced placement examinations or course bypass examinations. Appeals are limited to the final course grade, which may be upheld, raised, or lowered at any stage of the appeal process. Any recommendation to lower a course grade must be submitted through the Vice President of Academic Affairs/Faculty Assembly Grade Appeals Committee for review and approval. The Faculty Assembly Grade Appeals Committee may instruct that the course grade be upheld, raised, or lowered to a more proper evaluation.”

## 18. TENTATIVE SCHEDULE

| Week      | Dates     | Chapters       | Topics  |
|-----------|-----------|----------------|---|
| ECONOMICS |           |                | Refer to Mankiw’s “Essentials of Economics”   |
| 1         | Aug 20-25 | 1, 2, 3*, 4, 5 | Principles, Thinking, Gains from Trade (*), Supply and Demand, Elasticity. <b>Homework.</b> |

|                              |                |  |   |
|------------------------------|----------------|--|---|
| 2                            | Aug 26 – Sep 1 | 6, 7, 12, 13, 14*  | Supply-Demand Policy, Market Efficiency, Costs of Production, Competitive Markets, Monopoly (*). <b>Homework.</b>                                       |
| 3                            | Sep 2-8        | 15, 16, 20, 21, 23*, 24*<br>[See NOTES for chapter number differences] | Measuring Nations Income, Cost of Living, Unemployment, Monetary Systems, Aggregate Demand-Supply (*), Monetary and fiscal Policy (*). <b>Homework.</b> |
| FINANCE                      |                |  | Refer to Brigham-Houston “Fundamentals of Financial Management”   |
| 4                            | Sep 9-15       | 1, 2, 3  | Overview, Financial Markets & Institutions, Financial Statements and Analysis. <b>Homework. ECON DBF Grade Posted after conclusion of Week 4.</b>       |
| 5                            | Sep 16-22      | 4, 5, 6  | Time Value of Money, Interest Rates, Bond Valuation. <b>Homework.</b>   |
| 6                            | Sep 23-29      | 7, 8, 9  | Bond Valuation, Risk and Return, Stock Valuation. <b>Homework.</b>  |
| 7                            | Sep 30 – Oct 6 | 10, 11   | Cost of Capital, Capital Budgeting. <b>Homework. FINA DBF Grade Posted after conclusion of Week 7.</b>  |
| QUANTITATIVE DECISION MAKING |                |  | Refer to Anderson-Sweeney-Williams “Essentials of Modern Business Statistics”   |
| 8                            | Oct 7-13       | 1, 3, 4*   | Data, Descriptive Statistics, Probability (*). <b>Homework.</b>   |
| 9                            | Oct 14-20      | 6, 7, 8  | Probability distributions, Sampling, interval Estimation. <b>Homework.</b>  |
| 10                           | Oct 21-27      | 9, 12  | Hypothesis Test, Analysis of Variance. Linear Regression. <b>Homework. Week 6-10 DBF grade posted after conclusion of Week 10.</b>                      |
| 11                           | Oct 28 – Nov 3 | 10, 11*  | Experimental Design and Analysis of Variance, Proportions and Test of Independence (*) <b>Homework. STATS DBF Grade Posted after</b>                    |

|   |  |  |  |
|---|--|--|--|
|   |  |  | <b>conclusion of Week 11. Portfolio Survey.<br/>FINAL Exam</b> |
| NOTE: Optional (*). No homework required (ECON ch 3, 14, 23, 24; STATS ch 4, 11)  |  |  |  |
| NOTE for Week 3: There are two printings of the ECON text. Chapter numbers may be numbered 23, 24, 28, 29, 33, 34, but the topics and chapter titles match. |  |  |  |

## 19. ADDITIONAL INFORMATION

- a. My goal is for each of you to satisfactorily complete the course. This will take a concentrated effort by each of us. Please contact me early if anything occurs that might jeopardize reaching this goal. We can usually work out a solution.
- b. Learning in graduate school is a collaborative effort. I can learn from you just as I hope you can learn from me. Also, you'll find that your learning is directly related to your own effort. Let's see what we can do together. Remember, "*Nec scire fas est omnia,*" "*Wer viel weiss hat viel zu sorgen!*" and "*Iniquum petas ut æquum feras.*"
- c. This course will be much like a blitz! There is an exceptional amount of material for only 11 weeks. Don't worry too much whether you can manage it – almost everyone has succeeded before you, and you can too. Just jump in and the understanding you need will be developed.
- d. 2Kings 22:1-7. King Josiah and paying for the restoration of the Temple. "Give the money to the workmen. . . . But no accounting shall be asked from them for the money which is delivered into their hand, for they deal honestly."
- e. May God bless each of you!