

UNIVERSITY OF CALIFORNIA, MERCED
MANAGEMENT 005: INTRODUCTION TO BUSINESS AND FINANCE
COURSE SYLLABUS
FALL SEMESTER 2014
INSTRUCTOR: PROFESSOR MARK T. HARRIS, J.D.
TUESDAYS AND THURSDAYS 6 PM – 7:50 PM
COB 105

Campus Office: SSM 233
Office Hours: T/Th Noon - 2 p.m.
E-mail addresses: mharris4@ucmerced.edu
Course Reader(s): TBD

This course will examine the foundational concepts associated with modern business and finance. Topics covered will include: business and economic theory in the age of innovation; business ethics; situational ethics; corporate social responsibility; global markets and multinational corporate citizenship; business form; small business; entrepreneurship; executive compensation; social media and e-business; innovation and the “next new world;” money and the capital markets; securities (stocks, bonds and commodities); financial literacy; international finance and trade; interest rates and the impact of interest rate fluctuations.

COURSE OBJECTIVES:

The course objectives for this course are to provide students with the ability to do the following:

1. Understand what one must do to be successful in the world of business;
2. Define *business* and identify potential risks and rewards;
3. Define *economics* and describe the two types of economic systems: capitalism and command economy;
4. Identify the ways to measure economic performance;
5. Examine the different phases in the typical business cycle;
6. Summarize the factors that affect the business environment and the challenges that American businesses will encounter in the future;
7. Understand the challenges presented when profit maximization competes with ethical business practices;
8. Identify and understand the unique issues affecting multinational corporations operating on a global basis;
9. The importance of selecting the right business form;
10. Understand the costs and benefits of operating a business as a “small business;”
11. Determine the issues associated with efforts to tie executive compensation to business performance;
12. Understand the successful application of social media and new technologies to business;
13. Survey new age theories in the areas of innovation and the “next new world;”
14. Define what “money” and the money supply are in the context of domestic and global capital markets;
15. Understand the securities marketplace;
16. Develop sound practices relative to financial literacy;
17. Calculate interest rates and understand the impact of interest rate fluctuations on domestic and global economies.

REQUIRED TEXT:

BUSINESS, 12th EDITION, William M. Pride, Robert J. Hughes, Jack R. Kapoor
ISBN: 10: 1133595855
ISBN: 13: 9781133595854

NOTE: ONLY THE FOLLOWING CHAPTERS WILL BE COVERED:

Ch 1; Ch 2; Ch 3; Ch 4; Ch 5; Ch 16; Ch 18 and Ch 19

ALTERNATIVES TO PURCHASING ENTIRE TEXTBOOK NEW:

1. RENT;
2. PURCHASE USED; OR
3. PURCHASE ONLY THE CHAPTERS WE WILL COVER
4. Pirate

ADDITIONAL MATERIALS:

[www.facebook.com "uc merced, pre-law"](http://www.facebook.com/ucmercedprelaw) It is your responsibility to monitor this site on a **weekly** basis throughout the semester.

COURSE REQUIREMENTS:

1. This course will be conducted by means of lecture, group discussion, student team projects, and case studies. This course is dependent on the full participation of each student; therefore, **class attendance is highly recommended.** Additionally, **arriving late to class, or leaving class before dismissal, will affect your grade!**
2. Students are expected to come to class prepared to discuss the assigned readings. The Socratic method will be used extensively; therefore, students should be prepared to lead the daily in-class analysis of a variety of cases selected from the readings.
3. Students are expected to turn all iphones; galaxies or other "pda's" to "vibrate" or "silent" during class. However, students are expected to **bring a wi-fi enabled device to each class session** and to utilize their device in a manner that is non-disruptive and respectful of the decorum of the classroom.
4. Students will be given up to two mid-term examinations during the semester which are to be completed in the classroom during a regular class session. **There will be no opportunity to make-up a missed mid-term examination.**
5. Students will be expected to complete a final examination. The final exam will occur during "finals week" on **December 17, 2014, between 11:30 a.m. and 2:30 p.m. in COB 105** and will take place at the time, and in the manner, outlined by the "final's schedule" information provided by the UC Merced Registrar's office. **There will be no opportunity to make-up the final examination.**
6. There **WILL** be 2-4 periodic unannounced quizzes that will be completed in class. **There will be no opportunity to make up a missed quiz.**
7. Extra credit will **ONLY** be awarded during the week it was assigned. There will be **NO** opportunity to have late submitted extra credit factored into a student's grade calculation at the end of the semester. **In order to receive credit, you must submit your extra credit via Dropbox on the UCM CROPS page on a timely basis.** Use it or lose it!
8. There will be a variety of in-class assignments that will be completed by the student in one or more group exercises.

GRADING:

The final grade in the course will be determined on the following basis:

Quizzes	20 points
Mid-Term Exams	30 Points
Final Examination	50 Points
Extra Credit	10 – 20 Points

GRADING SCALE:

95-100+	A
90-94	A-
87-89	B+
83-86	B
80-82	B-
76-79	C+
73-75	C
70-72	C-
67-69	D+
65-66	D
60-64	D-
Sub 60	F

WEEK 1
August 26th and 28th

TOPIC(S): Instructor Introduction
Course Introduction
Course Expectations
Course Syllabus
Introduction To Business and Economics (Part 1)

READING ASSIGNMENT: Business, 12th Edition
Chapter 1

KEY TERM(S) DEFINED: Definition Of "Business" investopedia.com

An organization or enterprising entity engaged in commercial, industrial or professional activities.
A business can be a for-profit entity, such as a publicly-traded corporation, or a non-profit organization engaged in business activities, such as an agricultural cooperative.

Any commercial, industrial or professional activity undertaken by an individual or a group.

A reference to a specific area or type of economic activity.

Definition Of "Economics" investopedia.com

A social science that studies how individuals, governments, firms and nations make choices on allocating scarce resources to satisfy their unlimited wants. Economics can generally be broken down into: macroeconomics, which concentrates on the behavior of the aggregate economy; and microeconomics, which focuses on individual consumers.

Economics is often referred to as "the dismal science." The term dismal science was inspired by T. R. Malthus' gloomy prediction that population would always grow faster than food, dooming mankind to unending poverty and hardship.

VIDEO LECTURES: "Race Against the Machine"
Introducing Dr. Andrew McAfee, Cofounder, Massachusetts Institute of Technology ("M.I.T.")'s Initiative on the Digital Economy
<http://andrewmcafee.org/>

<https://www.youtube.com/watch?v=QfMGyCk3XTw>

"The Paradox of Choice"
Introducing Dr. Barry Schwartz, Swarthmore College, Psychologist
Expert on the link between psychology and economics

http://www.ted.com/speakers/barry_schwartz

http://www.ted.com/talks/barry_schwartz_on_the_paradox_of_choice

LECTURE: INTRODUCTION TO BUSINESS AND ECONOMIC THEORY IN THE AGE OF INNOVATION
Professor Harris

WEEK 2
September 2nd and 4th

TOPIC(S): Introduction To Business and Economics (Part 2)

VIDEO LECTURE: Steven Leavitt Analyzes Crack Economics, Dr. Steven Leavitt, University of Chicago,
School of Economics, Co-Author of "Freakonomics"

http://www.ted.com/talks/steven_levitt_analyzes_crack_economics

LECTURE: TRADITIONAL BUSINESS AND ECONOMIC THEORIES

READING ASSIGNMENTS: Business, 12th Edition
Chapter 2
Scavenger Hunt: The Markula Center For Applied Ethics At Santa Clara University

WEEK 3
September 9th and 11th

TOPIC: Business Ethics PART 1

KEY TERM(S) DEFINED: Definition Of “Business Ethics” investopedia.com

Business ethics are moral principles that guide the way a business behaves. (Some of) [t]he same principles that determine an individual’s actions (may) also apply to business.

Acting in an ethical way involves distinguishing between “right” and “wrong” and then making the “right” choice. It is relatively easy to identify unethical business practices. For example, companies should not use child labor. They should not unlawfully use copyrighted materials and processes. They should not engage in bribery.

However, it is not always easy to create similar hard-and-fast definitions of good ethical practice. A company must make a competitive return for its shareholders and treat its employees fairly. A company also has wider responsibilities. It should minimize any harm to the environment and work in ways that do not damage the communities in which it operates. This is known as corporate social responsibility.

VIDEO LECTURES: Introducing Dr. Adam Grant, Professor, Wharton School of Business, University of

<http://adammgrant.tumblr.com/>

<http://www.today.com/video/today/51490776#51490776>

Introducing Dov Seidman, President and CEO, LRN, “Reinvent Hackathon”

<http://www.lrn.com/>

<https://www.youtube.com/watch?v=4QnrEDoU5M>

LECTURE: BUSINESS ETHICS, SITUATIONAL ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

READING ASSIGNMENT: Business, 12th Edition, Chapter 2

WEEK 4
September 16th and 18th

TOPIC: Business Ethics PART 2

KEY TERM(S) DEFINED: Definition Of “Situation(al) Ethics”

A system of ethics by which acts are judged within their contexts instead of by categorical principles. merriam-webster.com

Therefore, under situational ethics, every decision is evaluated “conditionally” rather than “absolutely.”

Definition Of “Corporate Social Responsibility”. investopedia.com

Corporate initiatives to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote (overall long-term) positive social and environmental change

READING ASSIGNMENT: Business, 12th Edition, Chapter 2

ADDITIONAL READING: Shopping For A Better World
By Sarika Bansal
NYTimes, Opinionator Blog
May 9, 2012

VIDEO LECTURE(S): Introducing Sir Richard Branson
“The B-Team”

<http://www.virgin.com/richard-branson>

<http://www.businessinsider.com/richard-branson-on-business-ethics-2013-1C>

Introducing Blake Mycoskie, Founder and “Chief Giver,” Tom’s Shoes and the B1G1 (“Buy One, Give One”) Charitable Organizational Structure

<http://www.toms.com/blakes-biohttps://www.youtube.com/watch?v=7gsO3PQXhyY>

IN-CLASS DISCUSSION: GROUP SITUATIONAL ETHICS EXERCISES

LECTURE: BUSINESS ETHICS, SITUATIONAL ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

(Contd.)

Professor Harris

WEEK 5

September 23rd and 25th

TOPIC(S): MIDTERM REVIEW!!!!!!!!!!!!

MIDTERM EXAMINATION!!!

READING ASSIGNMENT: BUSINESS, 12th Edition, Chapter 3

WEEK 6

September 30th and October 2nd

TOPIC: Global Markets

KEY DEFINITION: Definition Of “Global Markets”

The activity of buying or selling goods and services in all the countries of the world,
or the value of the goods and services sold. ft.com/lexicon

LECTURE: IS A MULTINATIONAL CORPORATION REALLY A “CITIZEN OF THE WORLD?”

READING ASSIGNMENT: Business, 12th Edition, Chapter 4

WEEK 7
October 7th and 9th

TOPIC: Form of Business Ownership

KEY DEFINITION(S): Definition Of “Sole Proprietorship” investopedia.com

The sole proprietor is an unincorporated business with one owner who pays personal income tax on profits from the business. With little government regulation, they are the simplest business to set up or take apart, making them popular among individual contractors or business owners.

Many sole proprietors do business under their own names because creating a separate business or trade name isn't necessary.

Definition Of “Partnership” investopedia.com

A business organization in which two or more individuals manage and operate the business. Both owners are equally and personally liable for the debts from the business.

Definition Of “Limited Liability Partnership” business.ca.gov

Under California law, in a limited liability partnership, the partners enjoy some protection against personal liability. Each partner must be a person licensed under California laws to engage in the practice of public accountancy, law or architecture. The LLP is not a separate entity for income tax purposes; profits and losses are passed through to the partners and reported on each individual's tax return.

Like a general partnership, all partners have equal rights in the management of an LLP unless otherwise agreed. Partnerships are quite flexible; a great variety of control and management structures are available by agreement.

Each partner is responsible for liabilities imposed by law arising out of his or her own acts and omissions. In addition, each partner is responsible for debts and liabilities as defined in the LLP agreement.

Definition Of “Corporation” investopedia.com

A legal entity that is separate and distinct from its owners. Corporations enjoy most of the rights and responsibilities that an individual possesses; that is, a corporation has the right to enter into contracts, loan and borrow money, sue and be sued, hire employees, own assets and pay taxes.

The most important aspect of a corporation is limited liability. That is, shareholders have the right to participate in the profits, through dividends and/or the appreciation of stock, but are not held personally liable for the company's debts.

Definition Of “Limited Liability Company” investopedia.com

A corporate structure whereby the members of the company cannot be held personally liable for the company's debts or liabilities. Limited liability companies (LLC) differ slightly from one country to the next. However, it is essentially a hybrid entity that combines the characteristics of a corporation and a partnership or sole proprietorship. While the limited liability feature is similar to that of a corporation, the availability of flow-through taxation to the members of a LLC is a feature of partnerships.

LECTURE: COSTS vs. BENEFITS IN CHOOSING THE FORM OF BUSINESS ENTITY

READING ASSIGNMENT: Business, 12th Edition, Chapter 5

WEEK 8
October 14th and 16th

TOPIC(S): Small Business, Franchises and Entrepreneurship

KEY DEFINITION(S): Definition of “Small Business” investopedia.com

A small business is a privately owned and operated business. A small business typically has a small number of employees and “modest” annual revenue.

In the United States, the legal definition of a small business is determined by the U.S. Small Business Administration, which sets the criteria to be used by the SBA in making small business determinations.

Definition Of “Franchise” investopedia.com

A type of license that a party (franchisee) acquires to allow them to have access to a business's (the franchisor) proprietary knowledge, processes and trademarks in order to allow the party to sell a product or provide a service under the business's name.

In exchange for gaining the franchise, the franchisee usually pays the franchisor initial start-up and annual licensing fees.

Definition Of Entrepreneurship investopedia.com

An individual who, rather than working as an employee, runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale.

The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes.

VIDEO LECTURE: Introducing Cameron Herald

http://www.ted.com/speakers/cameron_herold

“Let’s Raise Kids To Be Entrepreneurs”

http://www.ted.com/talks/cameron_herold_let_s_raise_kids_to_be_entrepreneurs

LECTURE: IS YOUR BUSINESS FUTURE IN SMALL BUSSINESS OR ENTREPRENEURSHIP?

READING ASSIGNMENT(S): Business, 12th Edition, Chapter 6

Pay For Performance No Longer A Punchline

<http://online.wsj.com/news/articles/SB10001424127887324373204578372444079319544>

Executive Compensation

Compare and Contrast Executive Compensation to Company Performance

- What was performance for company selected?
- What was total compensation for company's CEO?
- What were the "elements" of CEO's pay?

<http://www.salary.com/Executive-Salaries/>

WEEK 9

October 21st and 23rd

TOPIC(S): Business Management
Executive Compensation

KEY DEFINITION(S): Definition Of "Business Management"

The activities associated with running a company, such as controlling, leading, monitoring, organizing and planning.

Definition Of "Executive Compensation"

Types of Executive Compensation

There are many different forms of executive compensation that offer a variety of tax benefits and performance incentives. Below are the most common forms:

1. Cash Compensation – This is the sum of all standard cash salary compensation that the executive receives for the year.
2. Option Grants – This is a list of all options granted to the executive; the information includes strike prices and expiration dates
3. Deferred Compensation – This is compensation that is deferred until a later date, typically for tax purposes. However, changes in regulations have lessened the popularity of this type of compensation.

4. Long-Term Incentive Plans (LTIPs) – Long-term incentive plans encompass all compensation that is tied to performance for tax purposes. Current tax laws favor pay for performance-type compensation.
5. Retirement Packages – These are packages given to executives after they retire from the company. These are important to watch because they can contain so-called "golden parachutes" for corrupt executives.
6. Executive Perks – These are various other perks given to executives, including the use of a private jet, travel reimbursements and other rewards.

VIDEO LECTURE: Post-2008 Crash Wall Street Salary Caps?

<http://abcnews.go.com/WNT/video?id=6807085>

<http://www.salary.com/Executive-Salaries/>

<http://abcnews.go.com/Nightline/video?id=6808666>

LECTURE: SHOULD CORPORATE COMPENSATION BE TIED TO PERFORMANCE?

READING ASSIGNMENT: Business, 12th Edition
Chapter 16

WEEK 10

October 26th and October 30th

TOPIC(S): Social Media and E-Business

MIDTERM EXAM #2 !!!!!!!!!!!

KEY DEFINITION(S): Definition Of "Social Media"

Social media is the collective of online communications channels dedicated to community-based input, interaction, content-sharing and collaboration.

whatis.com

Definition Of "E-Business"

E-business (electronic business) is the conduct of business processes on the Internet.

These electronic business processes include buying and selling products, supplies and

services; servicing customers; processing payments; managing production control; collaborating with business partners; sharing information; running automated employee services; recruiting;
and more. whatis.com

VIDEO LECTURE(S): Social Media What Most Companies Don't Know

Megan Ennes

Harvard Business Review

<http://hbr.org/web/slideshows/social-media-what-most-companies-dont-know/1-slide>

Meet Amber Mac, Founder, President of Konnekt

<http://konnektnow.com/team/amber-macarthur/>

Simple Advice For Optimizing Social Media

<http://www.fastcompany.com/3025784/business-simplified/simple-advice-for-optimizing-social-media>

Meet Ben Kaufman, Founder, CEO Quirky

<http://startupbook.co/2013/05/12/quirky-ceo-ben-kaufman-may-throw-away-his-150-million-company-by-building-physical-retail-stores/#!bqcuNy>

Quirky and Innovation

<http://www.profitlist.com/video-of-the-week-ben-kaufman-quirky-on-innovation/>

LECTURE: INNOVATION AND THE "NEXT NEW WORLD"

Professor Harris

WEEK 11

November 4th and November 6th

TOPIC: Introduction To Finance

KEY DEFINITION: Definition Of "Finance" investopedia.com

The science that describes the management, creation and study of money, banking, credit, investments, assets and liabilities.

Finance consists of financial systems, which include the public, private and government spaces, and the study of finance and financial instruments, which can relate to countless assets and liabilities.

Some prefer to divide finance into three distinct categories: public finance, corporate finance

and personal finance. All three of which would contain many sub-categories.

READING ASSIGNMENT: Business, 12th Edition

Chapter 18

LECTURE: OVERVIEW OF THE FINANCIAL SYSTEM AND THE CAPITAL MARKETS

Professor Harris

WEEK 12
November 11 and 13

TOPIC(S): Money And The Monetary System
Banks And Other Financial Institutions
Federal Reserve And The Money System
Securities (Stocks, Bonds and Commodities)

KEY DEFINITIONS: Definition Of “Money”

An officially-issued legal tender generally consisting of currency and coin. Money is the circulating medium of exchange as defined by a government.

Money is often synonymous with cash, including negotiable instruments such as checks. Each country has its own money, or currency, that is used as a medium exchange within that country (some countries share a type of currency, such as the euro used by the European Union).

The currency of one country can be exchanged for the currency of another via a currency exchange. The current exchange rate determines how much of one currency must be used to purchase a specified amount of the other currency. For example, the exchange rate between the euro and the US dollar may be 1.2596, where 1 euro can buy 1.2596 US dollars.

Definition Of “Monetary Policy”

The actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates.

Monetary policy is maintained through actions such as increasing the interest rate, or changing the amount of money banks need to keep in the vault (bank reserves).

Definition Of “Security” investopedia.com

A financial instrument that represents: an ownership position in a publicly-traded corporation (stock), a creditor relationship with governmental body or a corporation (bond), or rights to ownership as represented by an option.

A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.

For example, the issuer of a bond issue may be a municipal government raising funds for a particular project. Investors of securities may be retail investors - those who buy and

sell securities on their own behalf and not for an organization - and wholesale investors – financial institutions acting on behalf of clients or acting on their own account. Institutional investors include investment banks, pension funds, managed funds and insurance companies.

VIDEO LECTURE: Understanding Money and The Banking System (30 mins)
<https://www.youtube.com/watch?v=k6zpfE7WjHI>

Overdose: The Next Financial Crisis (50 mins)
<https://www.youtube.com/watch?v=4ECi6WJpbzE>

READING ASSIGNMENT: Business, 12th Edition
Chapter 19

LECTURE: MONEY, MONEY, MONEY, MONEY... DOLLAR BILLS YA'LL
Professor Harris
<https://www.youtube.com/watch?v=N-GnqqTvWzs>

Week 13
November 18 and 20

TOPIC: Financial Management

READING MATERIALS: TBD

LECTURE: USEFUL FINANCIAL LITERACY
Professor Harris

WEEK 14
November 25 and 27 (THANKSGIVING)

TOPIC: International Finance and Trade

KEY DEFINITION: Definition Of “International Trade” investopedia.com

International trade is the exchange of goods and services between countries.
This type
of trade gives rise to a world economy, in which prices, or supply and demand, affect
and are affected by global events.

Political change in Asia, for example, could result in an increase
in the cost of labor, thereby increasing the manufacturing costs
for an American sneaker company based in Malaysia, which would then result in an
increase in the price that you have to pay to buy the tennis shoes at your local
mall.

A decrease in the cost of labor, on the other hand, would result in you having to
pay less for your new shoes.

Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries. Almost every kind of product can be found on the international market: food, clothes, spare parts, oil, jewelry, wine, stocks, currencies and water.

Services are also traded: tourism, banking, consulting and transportation. A product that is sold to the global market is an export, and a product that is bought from the global market is an import.

Imports and exports are accounted for in a country's current account in the balance of payments.

ADDITIONAL RESOURCE: International Trade infoplease.com

- Introduction
- Exports, Imports—Why Bother?
- The Argument for Free Trade
- Arguments Against Free Trade
- Barriers to International Trade
- International Trade Agreements

Read more: [International Trade: Introduction | Infoplease.com](http://www.infoplease.com/ciq/economics/international-trade.html#ixzz397NEPH6I) <http://www.infoplease.com/ciq/economics/international-trade.html#ixzz397NEPH6I>

LECTURE: OVERVIEW OF U.S. POLICY IN TRADE AND COMMERCE
Professor Harris

READING ASSIGNMENT: TBD



S-T-U-D-Y AND R-E-V-I-E-W

WEEK 15

December 2 and 4

TOPIC: INTEREST RATES

KEY DEFINITION: Definition Of "Interest Rate"

The amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets. Interest rates are typically noted on an annual basis, known as the annual percentage rate (APR).

The assets borrowed could include, cash, consumer goods, large assets, such as a vehicle or building. Interest is essentially a rental, or leasing charge to the borrower, for the asset's use. In the case of a large asset, like a vehicle or building, the

interest rate is sometimes known as the "lease rate".

When the borrower is a low-risk party, they will usually be charged a low interest rate; if the borrower is considered high risk, the interest rate that they are charged will be higher.

ADDITIONAL RESOURCES: Six Years Of Low Interest Rates In Search Of Some Growth
<http://www.economist.com/news/briefing/21575773-central-banks-have-cushioned-developed-worlds-economy-difficult-period-they-have-yet>

Banks Making Big Profits From Tiny Loans

<http://www.nytimes.com/2010/04/14/world/14microfinance.html?pagewanted=all&r=0>

Everything You Need To Know About The Student Loan Rate Hike

<http://www.washingtonpost.com/blogs/wonkblog/wp/2013/06/13/everything-you-need-to-know-about-the-student-loan-rate-hike/>

LECTURE:

THE IMPACT OF INTEREST RATE FLUCTUATIONS
Professor Harris

WEEK 16
December 9 and 11
DEAD WEEK PREPARATION FOR FINAL EXAMS!!!!!!!