On Teaching Economics to MBA Students

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Economists who pursue careers in business schools typically teach mostly MBA students. This has been the case for me. Although I taught economics and business undergraduates during the early years of my career, in the last several years I have taught the core microeconomics course, as well as some electives, to MBAs. I have taught these courses in our regular day program, our evening and our global MBA programs.

At Michigan, as in most business schools, the day MBA program is the signature program, the one whose rankings attract the most attention. It is also, as a result, the one where pressure to perform in the classroom is most intense, and easily can become overwhelming. In this article I will try to focus on a few things I have come to understand about MBA students and their needs, and what we can do to make the experience of teaching them economics better for them and us.

As economists, we all have our own sense of what materials really matter, and of course we regard economic principles as fundamental knowledge. It seems obvious to us that managers should be cognizant of these principles. Better yet, they should know these well enough to be able to apply them to new situations and contexts. And undoubtedly, when we teach MBA students, it should be our goal to make them understand these principles, and how and when to use them. But one thing that distinguishes MBA students from economics majors and graduate students is that, for better or worse, they are not at all convinced, a priori, that they should be learning economics. They easily see value in learning about accounting or marketing, but are not so clear about the usefulness of economics in the real world.

So one thing an economist must do when teaching economics to MBAs is to make it relevant to them and their interests. Try to stay away from the proverbial widgets. Instead, use concrete examples, referring to specific companies, or even talking about how certain principles apply in daily life. Don't hesitate to use some in-class exercises: this will keep the students involved, and let them discover for themselves how what they perceive as very abstract in fact can help them make reasonable predictions.

It is also important to choose your topics carefully. As time is necessarily scarce, focus on what is relevant for firms. Try to put yourself in the shoes of someone who, after they graduate, will be called upon to make decisions that will impact their company and its future. What this student needs is a set of basic ideas—a tool box, and a good sense of when each tool may be useful. So focus the course on a few main concepts, and show specific applications.

Another way in which the typical MBA class differs from others is in the diversity of student backgrounds. Not only will the students have experiences and interests in different industries and possible career tracks, their educational background runs the gamut as well: in particular, some will have no economics background whatsoever while others are economics majors. It is useful to understand the variety of educational backgrounds in the class, and make them realize it as well. One tool I have found useful is an evaluation sheet about mid-way through the course. I ask students to rate whether the class is going too fast, at the right pace, or too slow. If the majority of students choose "right pace", that is useful for me to know. Usually a few of them say too slow while a few others say too fast—when I show the results to the class, these students see that their classmates do not see things as they do, and that is useful for them to know as well. Of course, other things can be added to this sheet—I ask how they feel about the amount of interaction in the class (too much, ok, too little) and for general comments.

Another characteristic of most MBA programs is that students are all very busy, from dusk to dawn, and beyond. They understandably look for leeway and shortcuts, and will not pay much attention to courses where they do not feel immediate pressure. In my experience, economists often adopt a more laissez-faire attitude with their students than other business school faculty. But if all your colleagues teaching in the same term are continuously pressuring students to perform in their classes—via problem sets, case write-ups, and the threat of cold calling—and you wait for exams to do the job, their performance in your class will suffer. Unfortunately, they are likely to blame you for letting them slip. In their busy schedule, they need you to keep at them and insist that they work regularly just like your colleagues do. Many of us resist doing this—I know I did. But the reality is that you really have to keep up with your non-econ colleagues on this!
The fact that the students are very busy also has implications for basic things you need to do to reach them. First, you have to be very prepared—organized lectures, good supporting materials, and so on. Make sure you coordinate with colleagues teaching the same course. If you do, this will save you time preparing materials. Try to be aware of major deadlines in other classes. Also, and this might be especially difficult for young women faculty, try to keep the class under control—limit comings and goings, late arrivals, talking on the side, and so on. I have found that asking students to sing if they arrive late for example has generated a good level of control in my classes without requiring that I be mean to anyone. This has worked for me. Of course many other strategies are available—experiment and see which ones works for you. Finally, remember that MBA students like to get air time. You also have to keep this under control, and minimize the time spent addressing those questions that are tangential to the topic at hand. Otherwise, other students will become impatient with you.

In sum, MBAs are different from students in economics departments. They are older and have been away from school for a while. They also are kept very busy with classes, recruiting activities, clubs, and so on. Finally they are simply less inclined to want to learn just for the fun of it, and instead more literal in their learning things they can use the next day. At the same time, they work very hard, and will not miss class just because they can... quite the contrary! They also bring wonderful examples and insights to the classroom, and will ask often tricky and challenging questions.

It took many years before I started to understand what my students needed and how best to reach them. I still learn new things regularly and have found my colleagues to be invaluable resource in that regard. As a newcomer to the MBA classroom, don’t hesitate to ask for help—it is usually just around the corner, but contact colleagues at other schools if you need to as well. Finally, give yourself some props on the back when you deserve them. And ultimately, keep in mind that there is a learning curve in this, so don’t get too easily discouraged after your first few attempts at this.

Claudia Goldin Receives Award continued from page 1

have equal impact in that area.

Professor Goldin has also served the economics profession through her institutional work. She has been a Vice President of the AEA, a board member of CSSWEB, the President of the Economic History Association, on the Executive Committee of the Social Science History Association, the Editor of the Journal of Economic History, and served on numerous editorial boards for both general purpose economics journals and more specialized history journals. Perhaps less well known is her extraordinary mentoring. As the first tenured woman in the economics department at both the University of Pennsylvania and Harvard, Professor Goldin has been an inspiration to many other women, readily sharing her own experiences while simultaneously demonstrating the possibilities of success with her own stellar record. The measure of success of her mentoring methods is in the long list of economists she has influenced, both in her own fields and more generally.

Interview with Marianne Bertrand continued from page 1

study economics at the ULB (“Free University of Brussels”). I did pretty well in my courses there and one day, one of my professors, Mathias Dewatripont, told me he thought I should pursue a PhD in economics. I really had never thought of doing a PhD before and did not know too much about what it implied (no one in my family has a PhD), but in the end I trusted Mathias and that was the end of my aspirations to become a journalist.

2. Who are the economists that influenced your career?

Well, as I just mentioned above, Mathias Dewatripont was extremely influential in that I would have never considered graduate school in economics before talking to him. Mathias was also very influential in that, thanks to his good recommendation, I ended up in a top PhD program in the United States (Harvard).

When I arrived at Harvard, I wanted to become a theorist. In fact, I took my generals in theory and macroeconomics. That was very much a reflection of what I had been exposed to in Europe. Clearly, my interests shifted dramatically while in graduate school. I discovered the power of empirical micro in graduate school, mainly from sitting through the labor economics. Quickly it became clear that empirical micro was what I wanted to do. I remember Richard Freeman (one of the professors I took labor from at Harvard) describing his work as detective work. That’s exactly how I feel when I start looking at micro data and brainstorming about the best ways I can leverage this data to better understand how the “world works.” If I have to identify one person that is most responsible for my interest in empirical micro, that would be Larry Katz. Larry was my primary advisor for my dissertation work and I learned so much from him.

3. Your work is pretty wide-ranging. How do you see yourself in terms of fields and interests, and how has that changed?

It’s true that my interests are pretty wide-ranging. I would put labor as my primary interest and corporate finance as my secondary interest. In fact, my dissertation was very much a mix of both. With time, I have started to do more work in development, even though I personally view much of my work there as studying labor and corporate finance questions in different institutional set-