

ECON 301: Managerial Economics (CRN: 10787)
Fall 2010

TR 11 – 12:15 pm
Constant 1064

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| Professor: | Berna Demiralp |
| Office: | Constant Hall 2039 |
| Office Hours: | TR 4:30 – 6 pm |
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General Objectives

Managerial economics applies economic theory and methodology to managerial decision-making and determination of business strategy.

Course Description

This course examines the application of economic theory and methodology to managerial decision-making and strategy. It focuses on the problems faced by managers within a firm and the strategic interaction between firms. It draws on intermediate microeconomics, game theory and industrial organization to provide an understanding of how various economic concepts and tools are applied in managerial decision-making. Key topics are demand analysis, production and cost analysis, economics of organization, market structure, strategic behavior, and pricing techniques.

Prerequisites and Corequisites

Prerequisites: ECON 201S, ECON 202S, and DSCI 206.

Corequisite: MATH 200 or equivalent

Required Text

Michael Baye, *Managerial Economics and Business Strategy*, 7th edition, McGraw-Hill, Irwin.

Supplemental Materials

Michael Baye, *Managerial Economics and Business Strategy, Study Guide*, McGraw-Hill, Irwin.

Attendance

Although attendance is not required, it is strongly recommended. Primary teaching method in this course is lectures and discussion, and the textbook is NOT a perfect substitute for the in-class lectures. Should you miss a class, it is your responsibility to obtain class notes, *including any announcements made in class*, from a classmate.

Blackboard

Optional problem sets, answer keys, slides and other course documents will be posted on blackboard. The following link takes you to the blackboard login page: www.blackboard.odu.edu.

ODU E-mail Accounts

The best way to reach me is via e-mail. You should send your e-mails to me from your ODU e-mail accounts, and you should have ECON 301 as part of your subject line.

Also please note that any e-mail correspondence from me will go to your ODU e-mail accounts. Therefore, please make sure that your ODU e-mail accounts are activated and working at all times.

Course Requirements

The course grade will be determined by your performance on 3 midterm exams and a final exam. The weight for each component is given below:

3 Midterm Exams - 22% each

Final Exam – 34%

Dates for the midterm and final exams are given below although the midterm exam dates are subject to change.

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| Midterm I: | Tuesday, September 28 th |
| Midterm II: | Tuesday, November 2 nd |
| Midterm III: | Tuesday, November 30 th |
| Final Exam: | Tuesday, December 14 th , 12:30 – 3:30 pm |

If you miss an exam due to reasons beyond your control (such as serious illness, death in the family), you will either take a make-up exam or the weights of the other exams will be adjusted. If you have a valid reason for not being able to take an exam on the scheduled date, you must get permission from me prior to the scheduled exam. In most cases, you will be asked to provide documentation regarding your circumstances.

There will be a significant emphasis on problem-solving in this course. You will have many opportunities to apply the problem-solving techniques that you will learn in this course, including the examples that we will do in class, the optional problem sets, the demonstration problems in the text, and the problems at the end of each chapter in the textbook. The optional problem sets and the answer keys will be posted on blackboard. I will not collect the optional problem sets, but I will expect you to work on them as we go through the material. If you need more practice problems, you may find the “Study Guide” associated with this textbook to be useful.

The notes that you will take in class, readings and problems in the textbook, and the optional homework assignments are your primary tools for learning the material covered in this course. My responsibility will be to guide you through the material, emphasize the important points, and answer your questions about the material. The best strategy to prepare for the exams is to go over your class notes, read the assigned chapters in the book, and go over all of the graphs and mathematics and be able to reproduce them. The class lectures will be most beneficial to you if you read the relevant chapters in the textbook before coming to class. Therefore, I expect you to come to class having read the relevant chapter in the text.

Academic Honesty and Classroom Conduct

All students are expected to comply with the University Honor Code. Cheating, plagiarism, and any other form of academic dishonesty will not be tolerated. This syllabus includes a definition of plagiarism. Cases of academic dishonesty will result in disciplinary action in accordance with University Policies and Procedures.

Attendance in the class also implies acceptance of the university behavior codes. You will be expected to follow the classroom behavior codes summarized in the *College Classroom Conduct* document prepared by the Office of Student Judicial Affairs. You must refrain from any behavior that disrupts the lecture, is distracting to others in the classroom and impedes their understanding of the course material. Such behavior includes but is not limited to having private conversations, texting and talking on the phone. Please raise your hand before speaking in class. For more information on university honor and behavior codes, refer to the Office of Student Judicial Affairs website: <http://studentaffairs.odu.edu/osja>.

Outline of Topics
-- Subject to Change --

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| Week 1 | Aug. 31 & Sept. 2 | Introduction to Managerial Economics, Economic versus Accounting Profit, Time Value of Money (Chapter 1) |
| Week 2 | Sept. 7 & 9 | Demand and Supply (Chapter 2) |
| Week 3 | Sept. 14 & 16 | Market Equilibrium (Chapter 2), Own-Price Elasticity (Chap. 3) |
| Week 4 | Sept. 21 & 23 | Cross-Price and Income Elasticities (Chapter 3) |
| Week 5 | Sept. 28 Sept. 30 | Midterm I Obtaining Elasticities from Demand Functions (Chapter 3) |
| Week 6 | Oct. 5 & 7 | Production Function, Optimal input choice in the short run (Chapter 5) |
| Week 7 | Oct. 12 Oct. 14 | Fall Break, No Class Isoquants and isocost lines (Chapter 5) |
| Week 8 | Oct. 19 & 21 | Optimal input choice in the long run; Cost Functions (Chapter 5) |
| Week 9 | Oct. 26 & 28 | Optimal Input Procurement; Managerial Compensation and Principal-Agent Problem (Chapter 6) |
| Week 10 | Nov. 2 Nov. 4 | Midterm II Perfect Competition (Chapter 8) |
| Week 11 | Nov. 9 & 11 | Monopoly; Monopolistic Competition (Chapter 8) |
| Week 12 | Nov. 16 & 18 | Price Discrimination (Chapter 11) |
| Week 13 | Nov. 23 Nov. 24 | Two Part Pricing; Review (Chapter 11) Thanksgiving Break, No Class |
| Week 14 | Nov. 30 Dec. 2 | Midterm III Block Pricing; Commodity Bundling (Chapter 11) |
| Week 15 | Dec. 7 & 9 | Other Pricing Strategies; Review |
| Week 16 | Dec. 14 | FINAL EXAM (12:30 – 3:30) |