

**ECON 5313-020**  
**Managerial Economics**  
**Fall 2015 Course Syllabus**

**Course Information**

ECON 5313.020

Managerial Economics

Fall 2015

November 9<sup>th</sup> – December 14<sup>th</sup> 2015 : Monday 6-10pm, Saturday 8:30am-12:30pm.

Santa Fe Station, Fort Worth, Room 111

**Professor Contact Information**

Sneha Bakshi

Office: College of Business, Office 316

Office Hours: Monday & Wednesday 11:30am - 12:30pm. You can also meet me by prior appointment (by email).

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Office Phone: TBA (The Economics department phone number is 817-272-3061).

Teaching Assistant: TBA

**Course Description:**

This course applies tools from economic theory and its methods to business, administrative and managerial decision-making in order to achieve goals and objectives of organizations in the most efficient way. Thus, this course will provide an understanding of how to link economic theory with quantitative methods to formulate managerial decision-making regarding pricing, costing, market structure, organization, and strategic competition.

**Course Prerequisites:** ECON 5311

**Student Learning Objectives:**

To acquire the ability to apply economic concepts to business and managerial decisions and problems:

- compute the relevant costs and benefits of different alternatives and reasonably argue and compare them
- understand market dynamics and responses of demand, supply, and competition
- optimize firm value, investments, profits or other goals
- understand pricing strategies and price discrimination and be able to apply them to problems and case studies; their motives, methods, and outcomes
- understand uncertainty, risk, bubbles, and exchange rate dynamics
- be able to analyze strategic situations, and conflicts of interest including those arising from asymmetric information, and design optimal solutions
- understand and apply basic bargaining theories

### **Required Textbook and Readings:**

Froeb, McCann, Shor & Ward, 'Managerial Economics: A Problem Solving Approach', Fourth Edition, Cengage. ISBN: 978-1-305-25933-1.

Other Reading Materials: Excerpts from other books or articles may be handed out in class.

Be advised that the textbook forms the basic core of the course content, but class lectures will often go beyond the material in the textbook. Students will be tested on the content of class lectures which is not limited to the textbook's contents.

### **Topics of Study and Assignment Calendar (Subject to change):**

- I. **Review and Introduction:** Goals of this course, defining problems and devising methods to recognize problems and to find solutions. Review of basic terms.  
Chapter 1 and lectures
- II. **Wealth Creation:** Voluntary trade and wealth creation, Surplus from trade, Consumer and Producer Surplus. Understanding efficiency, tradeoffs and opportunities for wealth creation. The role of the Government in promoting and hindering efficiency and wealth creation.  
Chapter 2 and lectures
- III. **Costs, Investments and Decisions:** Measures of Costs, Accounting versus Economic costs, Sunk and Hidden Cost Fallacy, Cost Benefit analysis, Marginal Analysis, Performance Pay, Compounding and Discounting, Break-Even analysis, Shut-Down decision, Hold-Up.  
Chapters 3, 4 and 5 and lectures

#### **Homework #1**

- IV. **Monopoly or Simple Pricing:** Consumer values and demand, Monopoly Profit Maximization, Price Elasticity of Demand and its relationship with Marginal Revenue.  
Chapter 6 and lectures
- V. **Economies of Scale and Scope:** Economies of Scale and trends in cost curves, Learning curves, Economies of Scope, Diseconomies.  
Chapter 7 and lectures
- VI. **Industry, Market, and Long-run equilibrium:** Market dynamics of demand and supply, market equilibrium, shifts in equilibrium, Perfect competition, Entry, Exit, and Long-run equilibria, the Indifference Principle.  
Chapters 8 and 9 and lectures

#### **Homework #2**

### **Exam 1: November 30<sup>th</sup>**

- VII. **More Realistic Pricing and Price Discrimination:** Pricing Commonly Owned products, Revenue management, Advertising, Promotional and Psychological pricing, Direct and Indirect price discrimination, quantity discounts, bundling, Chapters 12, 13, and 14 and lectures
- VIII. **Strategic Decision Making:** Simultaneous and sequential moves games, Strategic moves, Prisoners' Dilemma, Applications, Bargaining (strategic and non-strategic views). Chapters 15 and 16 and lectures
- IX. **Strategic Profit sustenance:** Sources of economic profit, Strategies to sustain profits, Collusion. Chapter 10 and lectures

### **Homework #3**

- X. **Foreign Exchange, Trade and Bubbles:** Foreign exchange dynamics and markets, International Trade, Bubbles, Currency comparison and purchasing power parity. Chapter 11 and lectures
- XI. **Risk and Uncertainty:** Random variables, Probability and Expectations, Minimizing expected error costs, Risk versus Uncertainty. Chapter 17 and lectures
- XII. **Asymmetric Information:** Insurance and Risk, Adverse Selection, Market for Lemons, Screening, Signaling, Reputation, Moral Hazard and Shirking, comparison of Moral Hazard and Adverse Selection. Chapters 19 and 20 and lectures

### **Homework #4**

### **Exam 2/Final exam: December 14<sup>th</sup> 2015**

#### **Evaluation & Grading Policy:**

Grade composition:

Homework Assignments	30%
Exam #1	35%
Exam #2	35%

### **Classroom Behavior and Attendance Policy:**

Class attendance is very important in this course because understanding theory and learning how to apply it needs regular student teacher communication and regular curiosity and discussion in class. To emphasize this point, **2 bonus points will be awarded in every exam for attendance in the weeks before the relevant exam, as long as the student does not miss more than one class.** Attendance will be taken in class either in the beginning of class or at its end and if a student is not found in class when attendance is taken, he/she will be marked absent for that day.

Homework Assignments will be handed out in class. **If a student is missing from class when a Homework assignment is handed out, it is the student's responsibility to ask for the Assignment and submit it by the deadline.**

All Homework Assignments and Exams will be based on the material taught in class.

Exam 2 will not be cumulative/comprehensive but the understanding of the material in it will require clarity with and understanding of previous material.

**Grade Evaluation Scale:** A grade of less than 59% is an F. Everything above 59% will be evaluated on a curve according to class performance and will be awarded a letter grade of A, B, C, or D on the performance scale.

### **Course & Instructor Policies**

**No make-up exams unless excused for medical or family emergencies and/or for sports, military or religious reasons. See below.**

**Any absence from an exam that is not excused will result in a grade of zero.** For an absence to be excused, the student must supply the appropriate documentation and give advance notification. By advanced notification what is meant is that the professor must be notified at least a full day (or more) prior to the exam date if possible. Note well, that notification by email or by phone the night before the exam or on exam day does not constitute sufficient advanced notification for most cases. For the *extreme* case where such advanced notification is not feasible, the student must not only supply the appropriate documentation for the absence itself, but must also supply the appropriate documentation related to his or her failure to notify the professor in a timely manner. Excused absences are granted only for medical or family emergencies (severe personal illness or injury, death of a parent, etc.) and/or for sports, military and religious reasons.

**Note:** Final exam refers to a cumulative/comprehensive final exam in case of missed exams as explained below.

**More specifically, if a student provides advance notification of absence and is excused for genuine reasons from the scheduled exam 1, the student will have the option to take a make-up before the rest of the class takes the exam, or the student will have to take a cumulative/comprehensive final exam on the scheduled date and time of the final exam/exam 2 and this will compensate for the weight of grades on both exams 1 and 2.**

**There are no exemptions from taking the final exam/exam 2. Missing the final exam/exam 2 will result in a grade of 0 on it. In the case of a genuine excused absence from final exam/exam 2, in case of prior notification the student must take the make-up before the exam's scheduled time. Otherwise, i.e. for genuine excused absence for the final exam/exam 2 in case of post notification, it will be rescheduled for the student and the exam will differ from the one that the rest of the class takes.**

**Any absence that is not genuine and is therefore not excused will earn the student a grade of 0 for that particular exam.**

The same policy as specified above, also applies to the turning in of assignments when they are due. Homework is due in class on the assigned date. **Late and unexcused homework will not be accepted and the student will earn a 0 on it.**

**No make-up credit or special consideration for any student.**

**Attendance is not required but is highly recommended for success in the course.** Bonus points for attendance are explained above. Announcements will be made in class. All students are responsible for all announcements made in class and a student's absence from class does not excuse him/her from being aware of the announcements. The student is responsible for keeping track of everything covered in class, of handouts given in class, and of all instructions/announcements made in class.

Disturbing behavior in class will **NOT** be tolerated as it is disrespectful of fellow students and the learning environment.

**Students are required to bring their student ID for every Exam.**

If these policies are unacceptable or if you feel that you are unable to meet these requirements, then you should not take this course.

***These descriptions and Timelines are subject to change at the discretion of the Professor.***

#### **University Policies:**

**Course Drop Policy:** Students may drop or swap classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their Academic Advisor to drop a class or to withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering for a course. **Students will not be automatically dropped from a course for non-attendance.** Repayment of certain types of financial aid through the University may be required as the result of dropping or withdrawing from a course. For more information, contact the Office of Financial Aid and Scholarships.

**Grade Grievances:** Any appeal of a grade in this course must follow the procedures and deadlines for grade-related grievances as published in the current University Catalog. For undergraduate courses, see <http://catalog.uta.edu/academicregulations/grades/#undergraduatetext> ; for graduate courses, see <http://catalog.uta.edu/academicregulations/grades/#graduatetext> .

**Academic Integrity:** At UT Arlington academic dishonesty is completely unacceptable and will not be tolerated in any form, including (but not limited to) “cheating, plagiarism, collusion, the submission for credit for any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts” (UT System Regents’ Rule 50101, §2.2). Suspected violations of academic integrity standards will be referred to the Office of Student conduct. Violators will be disciplined in accordance with University policy, which may result in the student’s suspension or expulsion from the University.

#### **University of Texas at Arlington Honor Code**

*I pledge, on my honor, to uphold UT Arlington’s tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.*

*I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.*

**Disability Accommodations:** The University of Texas at Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including The Americans with Disabilities Act (ADA), The Americans with Disabilities Amendments Act (ADAAA), and Section 504 of the Rehabilitation Act. All instructors at UT Arlington are required by law to provide “reasonable accommodations” to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a letter certified by the **Office for Students with Disabilities (OSD)**. Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting:

**The Office for Students with Disabilities, (OSD)** [www.uta.edu/disability](http://www.uta.edu/disability) or calling 817-272-3364.

**Counseling and Psychological Services, (CAPS)** [www.uta.edu/caps/](http://www.uta.edu/caps/) or calling 817-272-3671.

Only those students who have officially documented a need for an accommodation will have their request honored. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at [www.uta.edu/disability](http://www.uta.edu/disability) or by calling the Office for Students with Disabilities at (817) 272-3364.

**Title IX:** The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit [uta.edu/eos](http://uta.edu/eos). For information regarding Title IX, visit [www.uta.edu/titleIX](http://www.uta.edu/titleIX).

**Student Support Services Available:** UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. These resources include tutoring, major-based learning centers, developmental education, advising and mentoring, personal counseling, and federally funded programs. For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to [resources@uta.edu](mailto:resources@uta.edu), or view the information at <http://www.uta.edu/universitycollege/resources/index.php>

**Electronic Communication Policy:** UT Arlington has adopted MavMail as the official means to communicate with students about important deadlines and events, as well as to transact university-

related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for the inbox regularly. There is no additional charge to students for using this account, and it remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

**Student Feedback Survey:** At the end of each term, students enrolled in classes categorized as lecture, seminar, or laboratory will be asked to complete an online Student Feedback Survey (SFS) about the course and how it was taught. Instructions on how to access the SFS system will be sent directly to students through MavMail approximately 10 days before the end of the term. Each student's feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

**Final Review Week:** A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week unless specified in the class syllabus. During Final reviews Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

**Emergency Exit Procedures:** Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist individuals with disabilities.