

## **ECON 4311-001: Economics for Managers Spring 2017 Course Syllabus**

### **Professor Contact Information**

Sneha Bakshi

<https://www.uta.edu/profiles/sneha%20-bakshi>

Office: College of Business, Office 316

Office Hours: Tuesdays and Thursdays 4-5pm.

You can also meet me by prior appointment (by email).

Email: sneha.bakshi@uta.edu

Phone: Econ department - 817-272-3061

Teaching Assistant: TBA

### **Course Information**

ECON 4311.001

Economics for Managers

Spring 2017

Tue & Thurs 7:00pm – 8:20pm

Location : Business Bldg. 239

Jan 17<sup>th</sup> 2017 – May 5<sup>th</sup> 2017

### **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, cost determination, market structure, organization, and strategic competition.

**Course Prerequisites:** ECON 2306 or Principles of Microeconomics, and Basic algebra and calculus.

### **Student Learning Objectives:**

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

- Understand and apply market theories to problems and cases
- Compute and derive using calculus, 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, profits or other goals, and consumer utility, etc.
- 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, and the problems that arise from them
- Be able to analyze games and strategic situations and their equilibria, and conflicts of interest including those arising from asymmetric information
- Be able to independently analyze and solve problems as special cases of the theories studied, and use the learning to write a short paper detailing a chosen problem/example

### **Textbooks & Reading material:**

**You are not required to buy a textbook for this course, as the course will be using multiple textbooks as below. You can however, choose to buy any of the following recommended textbooks. Class notes are very important for the course; DON'T MISS CLASS.**

#### Recommended Textbooks:

'Industrial Organization in Context' - Stephen Martin; Oxford Univ Press. ISBN: 9780199291199

'Industrial Organization: Theory & Applications' - Oz Shy; MIT Press. ISBN: 9780262691796

'Games of Strategy', 4th Edition - Dixit, Skeath & Riley; W.W.Norton & Co. ISBN: 978-0-393-12444-67

#### Other Referenced Textbooks:

'Microeconomics for Managers' - David M. Kreps; W.W.Norton & Co. ISBN: 978-0-393-97678-6

'Managerial Economics', 4th Edition - Froeb, McCann, Ward, & Shor; Cengage. ISBN-10: 1305259335 | ISBN-13: 9781305259331

'Microeconomics', 5th Edition - David Besanko & Ronald Braeutigam; Wiley. ISBN: 978-1-118-57227-68

#### Books in Library Reserve section (3 hr use in library only):

Martin

Shy

Dixit, Skeath & Riley

#### Other Reading Materials:

Excerpts from other books or articles may be used in class and/or posted on Blackboard.

**Be advised that class lectures will often go beyond the materials in the textbooks. Students will be tested on the content of class lectures which is not limited to the textbooks' contents.**

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

#### Topic I: Review

References: Basic Principles (Besanko et. al.), Chapter 2,7&17 (Martin), Chapters 3,4&6,7,8,9 (Froeb et. al.), Chapter 3 (Kreps), Chapters 3&4 (Shy).

Math review – slopes, derivatives, constraints and optimization.

Costs & production in firms; profits and producer surplus: review.

Long and short run; sunk cost: review.

Marginal analysis: review.

Economies of Scale and Scope: review.

Perfect competition market and Monopoly: review.

Martin has a very good review of all the Math you will need in its Appendix II.

#### Topic II: Consumer optimization

References: Chapters 4&5 (Kreps), Chapter 6 (Froeb et. al.)

Utility curves; budget constraints; maximization of consumer utility given constraints; equating bang for the buck.

Demand curves; Consumer surplus.

Class double auction market experiment.

Topic III: Game Theory or Strategic Games

References: Chapters 1,2,3,4, 5, 10, 11 & 12 (Dixit et. al.), Chapter 2 (Shy)

Simultaneous and sequential moves games; Nash equilibrium and Subgame perfect equilibrium; Prisoners' dilemma; repeated games; etc. Market applications.

Topic IV: Monopoly revisited

References: Chapter 5&14 (Shy), Chapter 8 (Martin), Chapter 6&7 (Kreps), Chapters 13&14 (Froeb et. al.)

Multi-plant monopoly.

Double marginalization in distribution chain of monopolies.

Price discrimination.

Topic V: Oligopoly, Competition and Collusion

References: Chapters 6&7 (Shy), Chapters 5&6 (Martin)

Cournot, Bertrand, and Stackelberg competition. Collusion.

Hoteling linear model.

Topic VI: Quality, Durability, Warranties

References: Chapter 12 (Shy), Chapter 19 (Froeb et. al.), Akerlof: 'Market for "Lemons": Quality

Uncertainty and the Market Mechanism', The Quarterly Journal of Economics, 84, 3 (1970), pp 488-500.

Incomplete information, uncertainty and risk. Market for Lemons and general Adverse selection;

Signaling and Screening.

Topic VIII: Firm structure, and Moral Hazard

References: Chapter 10 (Martin), Chapter 15 (Shy), Chapter 20 (Froeb et. al.)

Vertical boundaries of the firm, and Integration; Moral Hazard and the Principal-Agent problem.

**Description of Major Assignments and Examinations:**

Each exam as listed below will cover the material covered in class, since the last exam till that date. The focus will be on testing students for their understanding of their material, their ability to apply their learning and to independently execute problem solving. **Although, exams will not be cumulative/comprehensive in the strict sense of course content, but the understanding of the material in them will require clarity with and understanding of previous material.**

**Students will write papers in pairs and will submit at the end of the semester.** These should be original and analytical discussions of some real world market occurrence or problem using the concepts, theories and ideas learned in the course.

**Exam 1: March 7<sup>th</sup> 2017.**

**Exam 2: April 20<sup>th</sup> 2017.**

There will be 4 H/W assignments spread through the semester.

**Student Papers:**

**Topic submissions: April 4<sup>th</sup>; in class.**

**Presentation dates: April 27<sup>th</sup>, May 2<sup>nd</sup> & May 4<sup>th</sup>; in class.**

**Paper submission deadline: May 11<sup>th</sup>, 2017, 9pm.**

*As the instructor for this course, I reserve the right to adjust this schedule in any way that serves the educational needs of the students enrolled in this course. – Sneha Bakshi*

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

Grade composition:

Homework Assignments	25%
Exam #1	25%
Exam #2	25%
Paper	25% (20% on the paper and 5% on the class presentation)

**Grade Evaluation Scale:** A grade of less than 55% is an F. Everything above 55% 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.

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

**Attendance:** At The University of Texas at Arlington, taking attendance is not required but attendance is a critical indicator in student success. Each faculty member is free to develop his or her own methods of evaluating students' academic performance, which includes establishing course-specific policies on attendance. However, while UT Arlington does not require instructors to take attendance in their courses, the U.S. Department of Education requires that the University have a mechanism in place to mark when Federal Student Aid recipients "begin attendance in a course." UT Arlington instructors will report when students begin attendance in a course as part of the final grading process. Specifically, when assigning a student a grade of F, faculty report the last date a student attended their class based on evidence such as a test, participation in a class project or presentation, or an engagement online via Blackboard. This date is reported to the Department of Education for federal financial aid recipients.

**As the instructor of this section, I will take attendance on random class days to keep track of student participation. If a student is not found in class when attendance is taken, he/she will be marked absent for that day. I will also conduct short quizzes, in class, randomly throughout the semester, and students' performance on these quizzes along with their attendance, will count toward any rounding off of their grades for the grading curve at the end of the semester.**

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.**

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

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

**Attendance is not required but is highly recommended for success in the course, especially as the course will not move through just one textbook. If a student misses class, it is his/her responsibility to find a classmate's notes for the missed classes and to go over the missed material.** Attendance and random quizzes 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. Each student is responsible for keeping track of everything covered in class, of handouts given in class, and of all instructions/announcements made in class.

### **Expectations for Out-of-Class Study:**

Beyond the time required to attend each class meeting, students enrolled in this course should expect to spend at least an additional 10 hours per week of their own time in course-related activities, including reading required materials, completing assignments, preparing for exams, etc.

### **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.

**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 weight of the student's grade on the missed exam will be transferred to the future scheduled exam in the course. If a student misses exam 1 and provides notification *after* the missed exam, the student only has the option to transfer the weight of the grade missed to the future scheduled exams in the course.**

**If a student is excused for genuine reasons from the scheduled exam 2, the student must meet the instructor and have an alternative date and time scheduled for his/her missed exam, and this date should be no later than a week of the earlier scheduled date.**

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

**Any make-up exams in case of genuine excused absences can differ from the exam that the rest of the class takes.**

The same policy as specified above, also applies to the turning in of assignments and papers when they are due. Homeworks and the paper are due in class on the assigned date. **Late and unexcused work will not be accepted and the student will earn a 0 on it. If the student is unable to make it to class on the due date, the student should email his/her work to the instructor.**

**No make-up assignments or credit or special consideration will be given for any student.**

**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.

**Last date to drop a course:**

Without a 'W': Jan 20<sup>th</sup>, 2017.

With a 'W' and Instructor's signature: March 31<sup>st</sup> 2017, 4pm.

*The above descriptions and Timelines are subject to change at the discretion of the Professor/Instructor.*

**University Policies:**

**Course Drop Policy:** Students may drop or swap (adding and dropping a class concurrently) 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 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. **Students will not be automatically dropped for non-attendance.** Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://www.uta.edu/aao/fao/>).

**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>. For student complaints, see <http://www.uta.edu/deanofstudents/student-complaints/index.php>.

**Disability Accommodations:** UT 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). Only those students who have officially documented a need for an accommodation will have their request honored. 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. 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).

**Counseling and Psychological Services, (CAPS)** [www.uta.edu/caps/](http://www.uta.edu/caps/) or calling 817-272-3671 is also available to all students to help increase their understanding of personal issues, address mental and behavioral health problems and make positive changes in their lives.

**Non-Discrimination Policy:** 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).

**Title IX Policy:** The University of Texas at Arlington (“University”) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. For information regarding Title IX, visit [www.uta.edu/titleIX](http://www.uta.edu/titleIX) or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or [jmhood@uta.edu](mailto:jmhood@uta.edu).

**Academic Integrity:** Students enrolled all UT Arlington courses are expected to adhere to the **UT 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.*

UT Arlington faculty members may employ the Honor Code in their courses by having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System Regents’ Rule 50101, §2.2, suspected violations of university’s standards for academic integrity (including the Honor Code) 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. Additional information is available at <https://www.uta.edu/conduct/>.

**Student Support Services:** 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. 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:** UT Arlington has adopted MavMail as its 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 checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

**Campus Carry:** Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not allowed on college campuses. For more information, visit <http://www.uta.edu/news/info/campus-carry/>

**Student Feedback Survey:** At the end of each term, students enrolled in face-to-face and online classes categorized as “lecture,” “seminar,” or “laboratory” are directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student’s feedback via the SFS database is aggregated with that of other students enrolled in the course. Students’ anonymity will be protected to the extent that the law allows. UT Arlington’s effort to solicit, gather, tabulate, and publish student feedback is required by state law and aggregate results are posted online. Data from SFS is also used for faculty and program evaluations. For more information, visit <http://www.uta.edu/sfs>.

**Final Review Week:** for semester-long courses, 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 Review 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 exits: the classroom is right next to a staircase, which is the easiest exit on its right. If you turn left when you leave the classroom, then go down the hallway and take a right for another staircase to exit the building. 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.

Students should also subscribe to the MavAlert system: <https://mavalert.uta.edu/> or at <https://mavalert.uta.edu/register.php>

**Emergency Phone Numbers:** In case of an on-campus emergency, call the UT Arlington Police Department at **817-272-3003** (non-campus phone), **2-3003** (campus phone). You may also dial 911. Non-emergency number 817-272-3381