

<b>Course</b>	<b>BUSN 6120 / NA / Managerial Economics</b>	
<b>Term</b>	Spring 2, 2010 – Thursday – 6:00 pm – 10:00 pm 3/18, 3/25, 4/1, 4/8, 4/15, 4/22, 4/29, 5/6, 5/13	
<b>Instructor</b>	Name: Dr. Roger J. Geronimo Home Phone: (904) 825-2768 Work Phone: (904) 386-0605 Email: <a href="mailto:tenore2@hotmail.com">tenore2@hotmail.com</a> or <a href="mailto:geronimo@webster.edu">geronimo@webster.edu</a>	
<b>Catalog Description</b>	The student examines the application of microeconomic theory as applied to the managers' responsibilities within the organization. This course should emphasize the quantitative and qualitative application of economic principles to business analysis.	
<b>Prerequisites</b>	BUSN 5620 and BUSN 5760	
<b>Course Level Learning Outcomes</b>	<b>Outcome</b>	<b>Expectation</b>
	1. Students understand how market forces affect price and quantity.	Students can utilize basic supply and demand analysis (graphical and quantitative) to predict the likely impact of events on the price and quantity sold of any product.
	2. Students understand elasticity and its relationship to pricing and revenue.	Students can both calculate elasticity and estimate elasticity empirically. Given the result the student can correct predict the effect of a given change in price on revenue.
	3. Students can utilize statistical analysis to assess product demand conditions	Students can take provided data and correctly estimate a demand function, determine the statistical significance, calculate the product elasticities (price, cross, and income) and infer the implications of that information to market demand conditions.  Students can also learn how to measure risk and uncertainty, and then incorporate these measures into their business decision making.

	<p>4. Students can utilize industry analysis to assess market position</p>	<p>Students can identify which of the four primary market structures most appropriately correlates to an industry. The student can draw inferences regarding firm behavior and performance.</p> <p>Students can identify the Oligopolistic model that best describes the behavior of an Oligopolistic industry.</p> <p>Students can use basic game theoretic analysis to describe the behavior of firms in an Oligopolistic industry.</p> <p>Students can also utilize Michael Porter's Five-forces model to assess market potential and gain draw inference regarding firm behavior and potential performance.</p>																
<p><b>Materials</b></p>	<p>Baye, M. R. (2009). <b>Managerial Economics and Business Strategy</b>. (7<sup>th</sup> Edition). McGraw-Hill. ISBN# 0073375969</p> <p>(Recommended but not required) Aplia (<a href="http://www.aplia.com">www.aplia.com</a>)</p> <p><b>To Order Textbooks go to the local North FL website <a href="http://www.webster.edu/jack">www.webster.edu/jack</a> and click on Order Textbooks.</b></p> <p><b>Note: Textbooks should be ordered 2 weeks prior to class to ensure delivery.</b></p>																	
<p><b>Grading</b></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Assignments</th> <th style="text-align: right;">Maximum Points</th> </tr> </thead> <tbody> <tr> <td>• Weekly Chapter Problem Assignments</td> <td style="text-align: right;">10 Points</td> </tr> <tr> <td>• Topic Papers including Presentations = 4</td> <td style="text-align: right;">40 Points</td> </tr> <tr> <td>• Mid-Term Exam</td> <td style="text-align: right;">10 Points</td> </tr> <tr> <td>• Group Final Project</td> <td style="text-align: right;">20 Points</td> </tr> <tr> <td>• PowerPoint Presentation of Project</td> <td style="text-align: right;">10 Points</td> </tr> <tr> <td>• Class Participation to Discussion Topics and Attendance</td> <td style="text-align: right;"><u>10 Points</u></td> </tr> <tr> <td><b>TOTAL</b></td> <td style="text-align: right;"><b>100 Points</b></td> </tr> </tbody> </table>		Assignments	Maximum Points	• Weekly Chapter Problem Assignments	10 Points	• Topic Papers including Presentations = 4	40 Points	• Mid-Term Exam	10 Points	• Group Final Project	20 Points	• PowerPoint Presentation of Project	10 Points	• Class Participation to Discussion Topics and Attendance	<u>10 Points</u>	<b>TOTAL</b>	<b>100 Points</b>
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	<p>Letter grades will be assigned pursuant to the following scores based on the percent of the total possible points (weighted according to the scale above) that you earned in the course.</p>																	

Percentage of Total Points	Grade
95%-100%	A
90%-94%	A-
88%-89%	B+
84%-87%	B
80%-83%	B-
70%-79%	C
Below 70%	F

**Activities**

Prompt attendance, reading assignments, class preparation, discussions, and topical research papers.

**Weekly Chapter Problem Assignments:**

- Prior to each class, a weekly set of assignments will be distributed. Each student is required to hand in the assignments before the next class. The students are to prepare a typed response to the questions. Length is not determined but it is expected questions will be answered to the best of your ability. Total of 10 Points.

**Topic Papers:**

- Starting in week Two and every other week there after, a two - three page, double-spaced type written topic paper is due based on an article of interest relevant to topics covered in Managerial Economics. Each student will present an overview of the paper to the class, highlighting the relevance to the class and the key points of the paper. These are worth 10 points each for a total of 40 points.

**Presentations:**

- The students will be evaluated on the basis of their presentations. Speech, grammar, and visual aids will be used in the evaluation. Since these presentations are meant to prepare the student for actual business conditions, the presentation should allow for interaction with other students as well as the professor during the course of the presentation.

**Mid-Term Exam:**

- In Session Five, students will be given an in class open book exam during the first half of the class = two hours. The students will be able, though, to choose six questions from a list of nine qualitative and quantitative questions. Total of 10 Points.

**Final Group Project:**

- There will be Teams of no more than three students each. The Team will select a public corporation, hopefully one they work for or are familiar with. No regulated companies allowed. During the first week the professor will present the guidelines, format and sample agenda for the Final Project. This format is intended to cover the critical and important aspects of this course. This project

is worth 20% of the student's grade.

**PowerPoint Presentation:**

- Each Team member will present a portion of the Final Project in a PowerPoint presentation. This presentation is worth 10 points.

**Class Participation and Attendance:**

- Students are expected to attend all class sessions of every course for the full 36 contact hours. In the case of unavoidable absence, the student must contact the instructor. The student is subject to appropriate academic penalty for incomplete or unacceptable makeup work, or for excessive or unexcused absences. Generally, a student who misses more than one four-hour course period (per course) without a documented military or medical excuse and advanced permission of the instructor should withdraw from the class. The University reserves the right to involuntarily drop enrolled students from classes, which they do not attend. **PLEASE BE ADVISED:** Students who do not attend the first class session, who have not made prior arrangements with the instructor for being absent, will be dropped from their courses.
- Attendance the last day of class is mandatory to ensure that all work is completed and to be awarded a passing grade. An Incomplete will not be acceptable without documental proof (Death Notice, Doctor's Letter, etc.) as to absence relating to non-completion of class work. These must be faxed 904-825-2768 or dropped off to Webster University by the Monday after the term ends.
- Participants are expected to arrive on time and be actively involved in the learning experience. Each student should desire to learn, participate, and proactively contribute to the learning of others during each discussion and exercise.
- Students are to participate in classroom discussions. The discussions are an opportunity for students to reveal their understanding of the assignments made for the current and previous classes.
- Assignments are given to prepare the student to participate in class discussions; therefore, it is imperative that reading assignments and associated questions for discussion be completed prior to class.
- A maximum of 10 points will be awarded based on the level and quality of participation and preparation.
- Failure to turn in an assignment within one week will result in a grade of "0" for that assignment. All assignments are due as detailed in the Course Schedule.
- Late assignments will be accepted, if they are turned in no later than one week later, but will be penalized one letter grade. Furthermore, late assignments will lower the student's final grade by an additional one point.
- Late assignments will not be accepted for the final assignments the last week of the course to allow timely completion and grades to be submitted.

<p><b>Policy Statements: University Policies</b></p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university's published policies. The following policies are of particular interest:</p> <p><b>Academic Honesty</b></p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university's academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p> <p><b>Drops and Withdrawals</b></p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p><b>Special Services</b></p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p><b>Disturbances</b></p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p><b>Student Assignments Retained</b></p> <p>From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p><b>Contact Hours for this Course</b></p> <p>It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p>
<p><b>Course Policies</b></p>	<p>This syllabus may be revised at the discretion of the instructor without the prior notification or consent of the student. The schedule below presents an approximate expectation of course progress. The instructor reserves the right to add, delete, or</p>

modify any weeks of this schedule. The instructor also reserves the right to change the overall course grade weighting. Any changes will be announced in class.

If you miss class you are responsible for getting notes and assignments. *No late homework will be accepted and missed quizzes will receive scores of zero unless prior approval to miss class is obtained from the instructor.* Makeup exams will be scheduled only if arranged in advance of the scheduled exam date.

**Make-Up Requirements**

- For each class hour missed, a one (1) page, double-spaced, typed paper, with one (1) reference will be submitted by the end of the term. The instructor will assign the topic. A four (4) hour class will require four (4) pages supported with (4) references from popular or academic press.
- This paper will be graded and incorporated in the class participation grade. If the make-up work is not submitted, the student's final grade will be reduced one (1) letter grade.
- Students are responsible for any class material presented during their absence, and any assignments due should be submitted prior to the absence, if possible.

<b>Weekly Schedule</b>		<p><b>Pre-Assignments for Session 1:</b></p> <ul style="list-style-type: none"> <li>• Students are expected to come to each session having completed all session assignments and having read all assigned readings.</li> <li>• Prior to the first session, students are required to read Chapters 1, 2, 3 and 4, and complete the assigned technical problems.</li> </ul>				
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<b>Session 1</b>	<p><b>THEME: Introduction and Foundation Topics:</b></p> <ul style="list-style-type: none"> <li>• Introductions: <ul style="list-style-type: none"> <li>➤ Course overview, requirements, and assignments</li> <li>➤ Guidelines for Group Final Project</li> </ul> </li> <li>• Review of economic principles of demand and supply and how the market operates</li> <li>• The above pre-Assignments</li> </ul> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;"><b>Assignments for Session 2:</b></th> <th style="text-align: right;"><b>Problems</b></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>• Chapter 3: Quantitative Analysis</li> <li>• Chapter 4: The Theory of Individual Behavior</li> <li>• Prepare first topic paper</li> </ul> </td> <td style="text-align: right; vertical-align: top;"> <p>14</p> <p>16, 22</p> </td> </tr> </tbody> </table>	<b>Assignments for Session 2:</b>	<b>Problems</b>	<ul style="list-style-type: none"> <li>• Chapter 3: Quantitative Analysis</li> <li>• Chapter 4: The Theory of Individual Behavior</li> <li>• Prepare first topic paper</li> </ul>	<p>14</p> <p>16, 22</p>	
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	<b>Session 2</b>	<p><b>THEME: Quantitative Analysis and Elasticity</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Understand the importance and use of elasticity measures</li> <li>• Discuss the use of quantitative analysis in managerial economics</li> <li>• Presentation of Topic Paper # 1</li> </ul> <p><b>Assignments for Session 3:</b></p> <ul style="list-style-type: none"> <li>• Chapter 5 : The Production Process and Cost</li> <li>• Chapter 6 : The Organization of the Firm</li> </ul> <p style="text-align: right;"><b>Problems</b></p> <p style="text-align: right;">8 4, 13</p>
	<b>Session 3</b>	<p><b>THEME: Production and the Organization of the Firm</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Review the theory of production and understand how cost affects the firm</li> <li>• Understand the decision making process of firm managers</li> </ul> <p><b>Assignments for Session 4:</b></p> <ul style="list-style-type: none"> <li>• Chapter 7: The Nature of Industry</li> <li>• Chapter 8: Managing in Competitive, Monopolistic and Monopolistically Competitive Markets</li> <li>• Topic Paper</li> </ul> <p style="text-align: right;"><b>Problems</b></p> <p style="text-align: right;">13, 14 12, 13</p>
	<b>Session 4</b>	<p><b>THEME: Market Structure</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• Review of industry and market structure <ul style="list-style-type: none"> <li>➤ We will focus on measuring the concentration in markets and how it affects activities such as advertising, research and development</li> </ul> </li> <li>• Analysis of how firms operate in a monopolistically competitive market and the affect on profits</li> <li>• Presentation of Topic Paper # 2</li> </ul> <p><b>Assignments for Session 5:</b></p> <ul style="list-style-type: none"> <li>• Chapter 9: Basic Oligopoly Models</li> <li>• Prepare for Mid-Term Exam</li> </ul> <p style="text-align: right;"><b>Problems</b></p> <p style="text-align: right;">11, 15</p>
	<b>Session 5</b>	<p><b>THEME: The Basic Oligopoly Market and the Action of Managers</b></p> <p><b>Topics:</b></p> <ul style="list-style-type: none"> <li>• We will analyze the operation of the firm in oligopoly and review pricing decisions and strategies when the firm has market power</li> <li>• Mid-Term Exam</li> </ul> <p><b>Assignments for Session 6:</b></p> <ul style="list-style-type: none"> <li>• Chapter 10: Game Theory: Inside Oligopoly</li> <li>• Topic Paper</li> </ul> <p style="text-align: right;"><b>Problems</b></p> <p style="text-align: right;">14</p>

	<b>Session 6</b>	<b>THEME: Game Theory in Economics</b> <b>Topics:</b> <ul style="list-style-type: none"> <li>• Understand the importance of Market power in pricing strategies for the manager and firm.</li> <li>• Presentation of Topic Paper # 3</li> </ul> <b>Assignments for Session 7:</b> <ul style="list-style-type: none"> <li>• Chapter 11: Pricing Strategies for Firms with Market Power 14</li> <li>• Chapter 12: The Economics of Information 13</li> </ul>
	<b>Session 7</b>	<b>THEME: Advanced Business Topics – Information and Pricing</b> <b>Topics:</b> <ul style="list-style-type: none"> <li>• The problems of information in the market</li> <li>• Advanced business strategies</li> </ul> <b>Assignments for Session 8:</b> <ul style="list-style-type: none"> <li>• Chapter 13: Advanced Topics in Business Strategy 12, 15</li> <li>• Topic Paper</li> </ul>
	<b>Session 8</b>	<b>THEME: Advanced Business Topics – Business Strategies</b> <b>Topics:</b> <ul style="list-style-type: none"> <li>• Advanced business strategies</li> <li>• Presentation of Topic Paper # 4</li> </ul> <b>Assignments for Session 9:</b> <ul style="list-style-type: none"> <li>• Chapter 14: A Manager’s Guide to Government in the Marketplace 14</li> </ul>
	<b>Session 9</b>	<b>THEME: Involvement of Government in the Economy</b> <b>Topics:</b> <ul style="list-style-type: none"> <li>• Market failure and Government failure</li> <li>• Group Project Presentations</li> </ul>
<b>Additional Information</b>	None	

# **Managerial Economics – Project**

- 1. Groups of 2 or 3 students – Prepare paper (APA format) and Power Point Presentation**
- 2. Choose a company - Preferably a well known company and international in scope (unregulated)**
- 3. The paper/presentation should include:**

**Brief history of the company**

**Current organization (chpt. 6)**

**Current products and market share**

**Industry analysis (chpt. 7)**

**Pricing strategies (chpt. 11)**

**Company business strategy:**

**Strengths**

**Weaknesses**

**Opportunities**

**Threats**

**Competitor analysis**

**Financial projections**

**2 years**

**Stock performance**

**Cost analysis**

**Profit projections**

**Efficiency controls**

**Summary and Conclusions**

Revised 8/8/2009