



## ECON 4135: Managerial Economics

2023 Spring Session	
<b>Total Class Sessions: 25</b> <b>Class Sessions Per Week: 5</b> <b>Total Weeks: 5</b> <b>Class Session Length (Minutes): 145</b> <b>Credit Hours: 4</b>	<b>Instructor: Staff</b> <b>Classroom: TBA</b> <b>Office Hours: TBA</b> <b>Language: English</b>

### **Course Description:**

Managerial economics examines the applications of economics analysis to practical problems in the private and public sector. This course will introduce students how business managers utilize macroeconomic theory and tools to make business decisions. The content of this part will mainly be divided into 3 parts: decisions with firms, market competitions, and decision-making applications. The focus will mainly be in the first two sections. This course also prepares students for further studies in the field of accounting, marketing, management, and finance. Essential topics covered in this course include demand and cost analysis, price theory, market structure, game theory and so on.

Students have a solid foundation on introductory level microeconomics theory, maximization/minimization techniques, graphical methods and partial derivatives will feel more comfortable in the class.

Prerequisite: ECON 1110 Microeconomics, ECON 2210 Intermediate Macroeconomics

### **Learning Objectives:**

The learning objectives of this course will be achieved by means of the students' finishing the required reading assigned before the class, listening attentively and taking notes in class, actively participating in the in-class activities and discussions about the content, finishing the assigned homework carefully and faithfully, and reviewing the content of the course before exams.

After taking this course, the students will be able to 1) acquire an overall view of the most essential decision problems that managers are facing, 2) build a solid understanding of how economic analysis that lead to these decision are made, and 3) present the result of their critical thinking in finishing the after-class assignments.

### **Course Materials:**

#### **Textbook:**

#### **Managerial Economics**

William F. Samuelson and Stephen G. Marks, 8th edition

#### **Other materials:**

Students will be provided with handouts, reading materials, PowerPoint slides in class if necessary.



**Course Format and Requirements:**

The course is mainly in the form of lecturing, the materials of which will be designed by the instructor before each class. The contents of the lectures are based on the textbooks, and supplemented reading materials and case studies will be given by the instructor.

In order to get a thorough understanding of the knowledge presented, students are supposed to finish all the assigned readings before class and finish the assignment of Preparedness for Class for in-class discussions.

**Attendance:**

Students are supposed to be presented at all class sessions. Notifications about absence reasons to the instructor should be done in advance if students are not able to attend classes. Students will be allowed a one-time pass for an emergency absence. Other than that, one time of absence would result in More than three absences will result in the failure of the course. Active participation in all classroom activities is also very important for students to achieve success in this course.

**Course Assignments:**

**Quizzes: 20%**

For every week, students will be assigned a quiz, so overall, there will be five quizzes throughout the course. Before each quiz, student will have access to the time and content of it, and will be left time for them to review by themselves after class. The scores of the five quizzes consist of 20% of the overall grade of this course. There will be no made-up quizzes, so students should be present each time.

**Homework: 20%**

Every week students will be put into groups to complete homework, including question sets, short case analysis and so on. In this assignment, students are supposed to discuss the homework assigned and finish the work together, without splitting the work into several parts. However, each individual should submit their own piece of work individually. No late work will be accepted, and for each late work there will be 10 points

**Exams: 60%**

There will be 1 midterm exam and 1 final exam for this course.

The midterm and final exams are both closed-book in-class exams. The forms of the questions include multiple choices, right-or-wrong questions, definitions, and formal analyses. Exams will cover most of the materials used in class, including textbooks, handouts and reading materials. Classes before the midterm exams and the final exam will be left for review and Q&A. There will be no makeup exams.

**Course Assessment:**

Quizzes	20%
Homework	20%



Midterm Exam	25%
Final Exam	35%
<b>Total</b>	<b>100%</b>

**Grading Scale (percentage):**

A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
98-100	93-97	90-92	88-89	83-87	80-82	78-79	73-77	70-72	68-69	63-67	60-62	<60

**Academic Integrity:**

Students are encouraged to study together, and to discuss lecture topics with one another, but all other work should be completed independently.

Students are expected to adhere to the standards of academic honesty and integrity that are described in the Chengdu University of Technology's *Academic Conduct Code*. Any work suspected of violating the standards of the *Academic Conduct Code* will be reported to the Dean's Office. Penalties for violating the *Academic Conduct Code* may include dismissal from the program. All students have an individual responsibility to know and understand the provisions of the *Academic Conduct Code*.

**Special Needs or Assistance:**

Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.

**Course Schedule:**

Week	Topics	Assignments
1	<p><b>Introduction to the course</b> (Reading: <i>Managerial Economic</i>, Ch. 1)</p> <ul style="list-style-type: none"> <li>- Seven Examples of Managerial Decisions</li> <li>- Six Steps to Decision Making</li> <li>- Private and Public Decisions: An Economic View</li> </ul> <p><b>Optimal Decisions Using Marginal Analysis</b>(Reading: <i>Managerial Economics</i>, Ch. 2)</p> <ul style="list-style-type: none"> <li>-Sitting a shopping mall</li> <li>- A simple model of the firm</li> <li>- Marginal analysis</li> <li>- Sensitivity analysis</li> </ul> <p><b>Demand Analysis and Optimal Pricing</b> (Reading: <i>Managerial</i></p>	Homework 1 Quiz 1



	<p><i>Economics</i>, Ch. 3)</p> <ul style="list-style-type: none"><li>- Determinants of demand</li><li>The demand function</li><li>The demand curve and shifting demand</li><li>General determinants of demand</li></ul>	
2	<p><b>Demand Analysis and Optimal Pricing</b> (Reading: <i>Managerial Economics</i>, Ch. 3)</p> <ul style="list-style-type: none"><li>- Elasticity of demand</li><li>Price elasticity</li><li>Other elasticities</li><li>- Segmented Pricing</li><li>Price discrimination</li><li>Informationa goods</li></ul> <p><b>Production</b> (Reading: <i>Managerial Economics</i>, Ch. 5)</p> <ul style="list-style-type: none"><li>- Production with one variable input</li><li>- Production in the long run</li><li>- Measuring production functions</li></ul> <p><b>Cost Analysis</b> (Reading: <i>Managerial Economics</i>, Ch. 6)</p> <ul style="list-style-type: none"><li>- Marginal cost</li><li>Marginal cost</li><li>Profit maximization revisited</li><li>- Relevant costs</li><li>Fixed and sunk costs</li><li>Profit maximization with limited capacity</li></ul>	Homework 2 Quiz 2
3	<p><b>Cost Analysis</b> (Reading: <i>Managerial Economics</i>, Ch. 6)</p> <ul style="list-style-type: none"><li>- The cost of production</li><li>Short-run costs</li><li>Long-run costs</li><li>- Returns to scale and scope</li><li>- Cost analysis and optimal decisions</li></ul> <p><b>Perfect competition</b> (Reading: <i>Managerial Economics</i>, Ch. 7)</p> <ul style="list-style-type: none"><li>- The basics of supply and demand</li><li>Shifts in demand and supply</li><li>- Competitive equilibrium</li><li>Decisions of the competitive firm</li><li>Market equilibrium</li></ul>	Homework 3 Quiz 3 <b>Midterm</b>



	<b>Review for midterm exam</b>	
4	<b>Monopoly</b> (Reading: <i>Managerial Economics</i> , Ch. 8) <ul style="list-style-type: none"><li>- Pure monopoly</li><li>- Perfect competition vs. pure monopoly<ul style="list-style-type: none"><li>Cartels</li><li>Natural Monopolies</li></ul></li><li>- Monopolistic competition</li></ul> <b>Oligopoly</b> (Reading: <i>Managerial Economics</i> , Ch. 9) <ul style="list-style-type: none"><li>- Oligopoly<ul style="list-style-type: none"><li>Five-forces framework</li><li>Industry concentration</li></ul></li><li>- Quantity competition</li><li>- Price competition<ul style="list-style-type: none"><li>Price wars and prisoner's Dilemma</li></ul></li></ul>	Homework 4 Quiz 4
5	<b>Game Theory and Competitive Strategy</b> (Reading: <i>Managerial Economics</i> , Ch. 10) <ul style="list-style-type: none"><li>- Analyzing payoff tables</li><li>- Competitive strategy<ul style="list-style-type: none"><li>Market Entry</li><li>Bargaining</li><li>Sequential competition</li><li>Repeated competition</li></ul></li></ul> <b>Asymmetric Information and Organizational Design</b> (Reading: <i>Managerial Economics</i> , Ch. 14) <ul style="list-style-type: none"><li>- Asymmetric information<ul style="list-style-type: none"><li>Adverse Selection</li><li>Principals, agents, and moral hazard</li></ul></li><li>- Organizational design<ul style="list-style-type: none"><li>Monitoring and rewarding performance</li></ul></li></ul> <b>Review for final exam</b>	Homework 5 Quiz 5 <b>Final Exam</b>