MANAGERIAL ECONOMICS
EC 952 GA
Course Syllabus
SPRING 2011

Instructor: Dmitri Nizovtsev
Office: 310N in Henderson Center
Phone: (785) 670-1599
E-mail: dmitri.nizovtsev@washburn.edu

Meeting Time: Wednesday 5:30 – 8:15pm HC 208

Office Hours: T 5–7pm, W 4–5pm, R 12:15–1:45pm + Open door policy


Prerequisites: EC 925 or equivalent or consent of instructor

Course Description:
Management problems from an economic point of view. Focus on application of economic theory to day-to-day managerial decision making.

Course Objectives:
Upon completion of this course, students should be able to:
- demonstrate knowledge of optimization techniques;
- apply regression tools to the analysis of real business problems;
- explain variations in market structure across industries and the effect of market structure on optimal behavior of firms;
- analyze pricing strategies used by firms in the marketplace;
- model strategic interactions between firms in the marketplace using tools of game theory;
- show understanding of principles of making business decisions under uncertainty;
- analyze diverse and unstructured real-world problems and cases using cost-and-benefit analysis and marginal analysis;
- critically and objectively evaluate decisions made by businesses and policymakers.

Grading:
Grades are distributed based on students’ weighted cumulative scores at the end of the semester. The cutoffs for A, B, C, and D grades I usually use are 90, 80, 70, and 60, respectively. This, however, is just a guideline. I reserve the right to deviate from it slightly, in which case you will be informed in advance. The components of the overall score are as follows:
- Problem sets and writing assignments: 25% of the overall score.
- Two midterm exams: 17.5% of the overall score each.
- Team project: 15% of the overall score.
- Final exam: 25% of the overall score.

Exam scores are the only grade component that will be curved.
Examinations:
There will be two exams during the semester (tentatively scheduled for weeks 6 and 11) and a final exam. The set of topics covered by each particular exam and the format thereof will be announced later in the semester. The final exam is comprehensive, with a slight bias towards the latest material.

All three exams will consist primarily of problems and short-answer questions. Some test questions may be more challenging than others therefore test scores are curved. Some questions may be assigned for group work.

Problem sets:
Over the course of the semester, I am going to assign weekly problem sets for individual (and maybe group) work. Every assignment is due at the beginning of the next class. Honoring deadlines is important for this class as well as for your everyday professional life therefore assignments turned in late will result in substantial point deductions. Problem sets will be graded (but not curved). Answers and solutions will be discussed in class, handed out, or posted on the class web page. Any student may be asked to present their solution to class on the due date.

Part of your weekly take-home assignment may consist in writing a short memo answering some direct questions or summarizing your answers to a quantitative assignment. In grading them, I will primarily look for cohesion, logic, argumentation, and correct presentation of economic concepts the assignment is based on.

Team project:
The goal of the project is to enrich and solidify your understanding of the course material by letting you apply it to a specific case and exchange your ideas and approaches within a group. The project is to be done in groups of five students. I am leaving the task of forming the groups to you. The project will have a substantial analytical content and will consist of several phases, or parts. Each part will be assigned after we cover the relevant material in class, and it will have to be submitted to me on a specified due date. Some of your intermediate findings will be discussed in class. I will also provide you with my feedback on each part you turn in. The final write-up of the entire project will be due at the end of the semester.

In addition to turning in your collective work, each of you will be asked to evaluate your team members after each phase and after the completion of the project.

More details about the format of the project will be provided to you in the second week of class.

Attendance:
According to the university policy, all students are expected to attend all class meetings. While I am not going to take attendance, I reserve the right to issue warnings and take action. Naturally, each student is personally responsible for learning the material covered during the class period that was missed.

Make-up Policy:
If you have to miss an exam due to significant circumstances (a business trip, unforeseen severe illness, death in the family), arranging a make-up test is possible. Any make-up exams will be given before the exam is taken by the rest of the class. Another possibility is redistribution of the weights in your overall score. Letting me know about possible conflicts or adverse circumstances as early as possible will make me more cooperative and understanding in those matters.

Class Participation:
Everyone is strongly encouraged to ask questions and make comments during the class. I hope you will soon discover it is in your best interest to do so as it helps you understand the material covered.

Web page:
There is a course Web page at  www.washburn.edu/sobu/dnizovtsev/Econ952.html  . I am going to use it for posting assigned readings, homework assignments, your current scores, and other material that can aid you in learning. I suggest you visit this website regularly to keep up with the course.
Feedback:
Coming to see me during my office hours will probably work the best. However, you can also make an appointment to come see me at some other time, or just drop by whenever my office door is open.

Since the scope of topics to be covered will largely depend on what we as a group will happen to be capable of, it may be necessary for me to adjust course content and difficulty on the fly. Please view the course outline provided below as tentative. Also, I am very willing to hear your comments about the way the class is taught: are we going too fast or too slow, covering too much or too little ground, is the difficulty level appropriate? If you are uncomfortable discussing these issues in person, you can do it anonymously using a link on the class Web page.

Withdrawal Policy:
During fall and spring semesters, students may withdraw from full semester courses through the second week of class with no recorded grade. From the third through the eleventh week a “W” is recorded for any dropped course. After the eleventh week, there are NO withdrawals, and a grade will be assigned for the course.

Although it is the student's responsibility to initiate course withdrawals, an instructor, after due notice to the student, may request withdrawal of the student from a course because of nonattendance through the same date as the last day a student may withdraw from a course. This would NOT absolve the student of financial responsibility for tuition/fees for the course in question.

Grade Appeal Procedure:
The grade appeal procedure can be found on pp. 67-68 of the Washburn University 2010-2011 Catalog.

Disability Services:
The Student Services Office is responsible for assisting in arranging accommodations and for identifying resources on campus for persons with disabilities. Qualified students with disabilities must register with the office to be eligible for services. The office MUST have appropriate documentation on file in order to provide services. Accommodations may include in-class note takers, test readers and/or scribes, adaptive computer technology, brailled materials. Requests for accommodations should be submitted at least two months before services should begin; however, if you need an accommodation this semester, please contact the Student Services Office immediately.

Location: Student Services, Morgan Hall Room 135
Phone: 785-670-1629 or TDD 785-670-1025
E-Mail: student-services@washburn.edu

Students may voluntarily identify themselves to the instructor for a referral to the Student Services Office.

Academic Misconduct Policy:
All students are expected to conduct themselves appropriately and ethically in their academic work. Inappropriate and unethical behavior includes (but is not limited to) giving or receiving unauthorized aid on examinations or in the preparation of papers or other assignments, or knowingly misrepresenting the source of academic work. Washburn University’s Academic Impropriety Policy describes academically unethical behavior in greater detail and explains the actions that may be taken when such behavior occurs. For guidelines regarding protection of copyright, consult www.washburn.edu/copyright/students. For a complete copy of the Academic Impropriety Policy, contact the office of the Vice President for Academic Affairs, Bradbury Thompson Alumni Center Suite 200, or go on-line to: www.washburn.edu/admin/vpaa/fachdbk/FHsec7.html#VIII
## Topics covered and readings assigned by the week:

The following list is tentative and subject to change. More accurate week-by-week reading assignments will be regularly posted on the class Web page. It is in your best interest to make yourself familiar with the material prior to coming to class.

<table>
<thead>
<tr>
<th>Week of classes</th>
<th>Topics covered</th>
<th>Chapters in the text</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Syllabus. Subject of managerial economics. Supply, demand, and market equilibrium.</td>
<td>Ch.1&amp;2</td>
</tr>
<tr>
<td>2</td>
<td>Regression analysis.</td>
<td>Ch.3</td>
</tr>
<tr>
<td>3</td>
<td>Elasticity.</td>
<td>Ch.3</td>
</tr>
<tr>
<td>4</td>
<td>Production, cost, and profit. Cost minimization techniques.</td>
<td>Ch.5</td>
</tr>
<tr>
<td>5</td>
<td>Profit maximization in different market structures.</td>
<td>Ch. 8</td>
</tr>
<tr>
<td>6</td>
<td><strong>Midterm 1.</strong></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Pricing strategies for firms with market power.</td>
<td>Ch.11</td>
</tr>
<tr>
<td>8</td>
<td>Firm size and growth. Tools for gaining market power. Barriers to entry.</td>
<td>Ch.7&amp;8</td>
</tr>
<tr>
<td>9</td>
<td>Game theory and its applications to strategic business decisions.</td>
<td>Ch.10</td>
</tr>
<tr>
<td>10</td>
<td><strong>No class – Spring break.</strong></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Entry deterrence – game-theoretic analysis.</td>
<td>Ch.10&amp;13</td>
</tr>
<tr>
<td>12</td>
<td><strong>Midterm 2.</strong></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Economics of incomplete information. Decision making under uncertainty.</td>
<td>Ch.12</td>
</tr>
<tr>
<td>14</td>
<td>Managing a firm under asymmetric information. Signaling and screening.</td>
<td>Ch.12</td>
</tr>
<tr>
<td>15</td>
<td>Class period tentatively reserved for team project discussion.</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Topics in employee selection and compensation.</td>
<td>Ch.6, Handouts</td>
</tr>
<tr>
<td><strong>Finals week</strong></td>
<td><strong>Final test (Wed, 5/11 @ 5:30pm)</strong></td>
<td></td>
</tr>
</tbody>
</table>