

2017

## ECON 550-84 Managerial Economics

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### Recommended Citation

Yi, David, "ECON 550-84 Managerial Economics" (2017). *Economics Syllabi Summer 2017*. 6.  
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**Economics 550-84**  
**Managerial Economics**  
**Summer 2017**

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**Office hours: By Appointment**

This course is designed as a component of the Xavier MBA core and complements other MBA core courses.

*Williams College of Business Mission Statement*

*We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.*

**1. Course Material**

Textbook:

Managerial Economics and Organizational Architecture by Brickley, Smith, and Zimmerman  
ANY edition **OR**

Managerial Economics by Allen, Weigelt, Doherty and Mansfield, ANY edition **OR**  
Any Principles of Microeconomics Textbook.

Supplementing Materials: Materials will be noted in class.

**2. Purpose of the course:**

The overall objective of the course is to familiarize students with the central (micro)economic analysis for concepts such as demand, pricing strategies, profit, competition, and compensation strategies as well as their applications. It attempts to bridge the gap between the pure economic theory that intrigues many economists and the day-to-day decisions that managers must face; hence, prepares managers to become efficient decision makers. More specifically, students, upon completion of the course will be able to:

- Understand basic market mechanisms and tools and techniques used in economic analysis.
- Understand optimal pricing strategies.
- Conduct demand analysis and cost-benefit analysis of business problems.
- Understand incentive structures and develop optimal strategy methods.
- Account for risks and uncertainties in the decision making process.
- Better understand organizational architecture.
- Design optimal contracts.
- Identify potential conflicts and efficiently reduce such conflicts.

**3. Class Policies:**

This course is designed for working professionals and would-be professionals.

You are expected to behave accordingly. This means no rude behaviors in class such as reading newspapers or eating food (hamburgers, pizzas, etc). You are more than welcome to bring your source of caffeine such as coke or coffee.

#### **4. Attendance Policy:**

**Attendance is very important.** If you have a legitimate reason for an absence, please notify me in advance. Please note that a good portion of lecture materials will be chosen from sources other than the textbook, hence solely relying on the textbook is not enough to do well in this class. It also helps in the exams as materials discussed in class often makes in the exams.

#### **5. Grading:**

The course grade is based on:

- Midterm exam: (40%) : Take home exam
- Final exam: (60%): 120 minute In-Class exam-Comprehensive

#### **6. Exams:**

All exams will consist of essay/problem solving questions.

- Midterm exam: **Wednesday July 12 (Take Home)**
- Final exam: **Wednesday August 02 (In-Class Comprehensive Exam)**

#### **7. Academic Integrity:**

I will not tolerate any sort of cheating or plagiarism whatsoever!

#### **8. Math Content:**

Basic knowledge of algebra and understanding of graphical analysis is expected. Occasionally, we will use some techniques in elementary calculus. Don't Panic if you never had any calculus or forgot everything! I will go over whatever techniques we introduce in class. I will only introduce basic elementary calculus to make your life easier, not harder :)

## Tentative Course Schedule

### **I. What is Value Creation?**

#### **Week 1: June 26, 28**

What is economics?

Golden mean: Confucius and Aristotle

Utility Maximization and Optimal Decision Making

#### **Week 2: July 3, 5**

What is market? Basic Market Analysis-Supply and Demand Analysis

Firms' Objectives - Value Creation and Capturing Value

Basic Techniques for Market/Business analytics –Elasticity Analysis and Revenue Maximization.

#### **Week 3: July 10, 12**

Elasticity Analysis

**July 12: Take home exam**

### **II. What is Value Capturing?**

#### **Week 4: July 17, 19**

Market Structures and Competition-Profit Maximization under Perfect competition

#### **Week 5: July 24, 26**

Market Structures and Competition-Profit Maximization under Imperfect competition

Simple Pricing – Single and Multiple Pricing

#### **Week 6: July 31, August 02**

Complex Pricing – Price Discrimination

Economics of Strategy – Intro to Game Theory

**August 02: In-Class Final Exam-Comprehensive**