ECON 550-02 Managerial Economics

David Yi
yid@xavier.edu
Economics 550
Managerial Economics
Section 02
SP 2017

Instructor: Dr. David Yi
Office: 329 Smith Hall
Contact: yid@xavier.edu
Phone: 513-745-2933 (Office)
Office hours: TR 9:00-10:00AM or 11:30AM-12:30PM or 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" by Allen, Weigelt, Doherty and Mansfield-ANY EDITION.
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: (45%) - 75 Minute exams
- Final exam: (45%): Cumulative - 110 Minute exam
- Unscheduled Quizzes: (10%)
- Participation: -10% to 0%

6. Exams:

All exams will consist of essay/problem solving questions.

- Midterm exam: **Thursday March 03 during regular class time.**
- Final exam: **Thursday May 04.**

7. Make-up exam

You must have a legitimate documented reason to request for make-up exams. It is best if you notify me prior to the exam dates. NO MAKE UP QUIZZES WHATSOEVER. PLEASE DONT ASK!

8. Academic Integrity:

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

9. 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 :)

10. Learning Assistance Center/Disability Services

If you need learning assistance services or disability services, please check the following link. [http://www.xavier.edu/learning-assistance-center/index.cfm](http://www.xavier.edu/learning-assistance-center/index.cfm)
Tentative Course Schedule

**Topic I: What is economics?**

Ch2: Utility (happiness) Theory, Utility Maximization and Optimal Decision Making (how to be happier in life?)

**Topic II: Value Creation**

Ch 3: What is market? Basic Market Structure; Market Analysis: Supply-Demand Analysis
Ch 8: Firms’ Objectives - Value Creation
Ch 3: Basic Techniques for Market/Business analytics – Basic demand estimation and demand (i.e. Market) analysis.
Ch 4: Elasticity Analysis and R.O.I.

**Topic III: Value Capturing**

Ch 6: Profit Maximization (via single pricing)
Profit Maximization under Perfect competition
Profit Maximization under Imperfect competition

Ch 7: Simple Pricing – Single and Multiple Pricing
Ch 7: Complex Pricing – Price Discrimination

**Topic V: Economics of Strategy**

Ch 9: Simultaneous Interaction Games
Ch 9: Sequential Interaction Games
Ch 6: Profit maximization under Strategic Competition
Economics of strategy-Asymmetric Information.