

**Oakland University School of Business Administration**  
**Department of Economics**  
**ECN 3030: Managerial Economics (3 credit hours) – Winter 2018**  
MW 10:40-11:55AM, Mathematics and Science Center 102

**Professor:** Dr. Timothy Hodge  
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**Office Hours:** TTh 1:00-3:00PM; and by appointment

**Description**

Explores microeconomic theory and its application to managerial decision making. Examines consumer behavior, cost and output estimation, optimization, pricing issues in competitive and non-competitive markets, decision making under uncertainty and capital budgeting. *Except for economics majors, this course satisfies the university general education requirements in the knowledge applications integration area.*

**Prerequisites**

A minimum grade of 2.0 must be achieved in the following courses to participate in ECN 3030:

Economics – ECN 2010 (Principles of Microeconomics) along with ECN 2000 (Principles of Macroeconomics) or ECN 2020 (Principles of Global Macroeconomics); OR ECN 2100 (Principles of Economics)  
Math – MTH 1222 (Calculus for the Social Sciences); OR MTH 1554 (Calculus I)

**Objectives**

- 1) To explain how economics is used as a tool for managerial decision-making.
- 2) To apply microeconomic concepts to problem solving situations faced by a firm.
- 3) To apply calculus and other quantitative tools in optimization.
- 4) To understand the following major topics:
  - a. Firm demand, its determinants, and elasticities
  - b. Optimal production decisions
  - c. Cost analysis in the short and long run
  - d. Alternative market structures (perfect competition, monopoly, monopolistic competition, oligopoly) and decision making (price and output) in these environments
  - e. Game theory: decision making under uncertainty/interdependence
  - f. Other pricing strategies for firms with market power

**Text**

Michael Baye & Jeffrey Prince, *Managerial Economics and Business Strategy*, Ninth Edition, McGraw-Hill.

**Grading**

Homework (4)	20%	
Exam 1	20%	(January 17)
Exam 2	20%	(February 14)
Exam 3	20%	(March 21)
Exam 4	20%	(April 23, 12PM)

**Homework**, 20% of course grade (5% each). Homework will be handed out in class and available on the course website. A total of 4 problem sets will be assigned and are to be turned in at the beginning of the class period the assignment is due. Late assignments will not be accepted. Each problem in an assignment will be graded on a credit/no credit basis. That is, the student must demonstrate a “good faith effort” on the assigned question to receive credit (e.g. 3 “good faith efforts” out of 4 questions = 75% for the assignment). Solutions will be posted online so that students may compare their answers to judge individual correctness. The purpose of the homework is to prepare students for the exams – where correct answers matter.

In the event that a student is sick or unable to attend class when an assignment is to be submitted, it is up to the student to contact the professor to make other arrangements. If I do not hear anything from you by phone or e-mail prior to the assignment’s due date, the assignment will be considered late.

Students are encouraged to work together on problem sets; however, each student must turn in their own answers – this prevents “free-riding” and hopefully reduces negative consequences on an individual’s exam. Although I do anticipate that working together will produce similar answers, I do not expect to see any copied answers (copying = cheating). I have a zero tolerance policy for cheating and will immediately refer any cases to the Academic Conduct Committee. Penalties for cheating will result in a 0.0 for the assignment and may lead to additional penalties (see *Academic Code of Conduct*).

**Exams**, 80% of course grade (20% each). Four in-class exams will be administered during the semester.

*Exam 1:* January 17

*Exam 2:* February 14

*Exam 3:* March 21

*Exam 4:* April 23 (12PM)

Each exam will cover approximately 1/4 of the course and will consist of essay and problem-solving questions. I will provide simple calculators that perform the four basic arithmetic operations (+, -, \*, /) for each exam. Use of any other material or device during an exam is prohibited, including: books, notes, cell phones, smart watches, tablets, friends, etc. Again, I have a zero tolerance policy for cheating and will immediately refer any cases to the Academic Conduct Committee. Penalties for cheating will result in a 0.0 for the exam and may lead to additional penalties (see *Academic Code of Conduct*).

*Note:* Students are responsible for taking exams at the scheduled times. Any missed exam without prior notification and approval will result in a zero for that exam. If you have a legitimate reason to miss an exam (illness, death in the family, prior engagements such as a team event, etc.), you will be allowed to take a makeup test only if you contact me before the date/time of the exam. For those who have prior engagements (e.g. student-athletes) and have made arrangements for taking the exam at a different date, please note that make-up exams may be scheduled for a date prior to the actual exam date.

### **Grade Scale**

90-100% = 3.6 - 4.0

80 - 89% = 3.0 - 3.5

70 - 79% = 2.0 - 2.9

60 - 69% = 1.0 - 1.9

< 60% = 0.0

It is good practice to keep all your assignments and tests until you receive your final grade. You may also want to keep all course materials indefinitely if you are planning to transfer to another university or do graduate work in business, economics, or a related field.

### **Attendance**

Consistent attendance is essential for acceptable performance in the course. Based on my experience, students who miss class on a regular basis perform substantially worse than students who attend regularly. If you miss a class, you must ask one of your classmates for the material you missed. Also, be on time. It is disruptive and disrespectful to walk in late.

### **Classroom Conduct**

Conduct yourselves in a way that contributes to a positive learning environment. Treat others with respect. Give the speaker your attention when he/she has the floor, whether it's me or one of your classmates. Put away cell phones, laptops, and other electronic devices when class starts. If you must use the phone for any reason, please leave the room. If you choose to use a computer for taking notes, please refrain from behavior that will disrupt your fellow classmates (i.e. instant messaging, looking at facebook, surfing the internet, etc.).

### **E-mail Communications**

Please use your Oakland e-mail address to correspond with me via e-mail. I will only respond to Oakland e-mail accounts. When you send me an e-mail, use it as an opportunity to work on your formal written communication skills. Please do your best to compose a well-written and professional message, using complete sentences and correct grammar/punctuation.

### **Accommodation of Student with Special Needs**

Students with disabilities who believe they may need accommodations in this class are encouraged to contact Disability Support Services (<http://www.oakland.edu/dss>) at (248) 370-3266 or [dss@oakland.edu](mailto:dss@oakland.edu). Please do this as soon as possible to ensure that such accommodations are implemented in a timely fashion.

### **Academic Code of Conduct**

Academic dishonesty will not be tolerated. In addition to imposing a 0.0 for an assignment, penalties ranging from a grade of 0.0 for the course up to suspension from the University may be administered. I report all cases of academic dishonesty to the Academic Conduct Committee for adjudication. It is University policy to record all academic dishonesty convictions permanently on the student's transcript.

## *Tentative Course Outline – ECN 3030*

### **Introduction & Review**

**Topic 1:** The Fundamentals of Managerial Economics

**Reading:** Chapter 1, excluding Time Value of Money (pp. 14-19)

**Topic 2:** The Market Forces of Demand and Supply

**Reading:** Chapter 2, excluding Producer and Consumer Surplus (pp. 46-47 & 53-54)

**Assignment:** Homework 1

**EXAM 1: January 17**

### **Demand, Production, & Cost Analysis**

**Topic 3:** Quantitative Demand Analysis

**Reading:** Chapter 3, excluding Regression Analysis (pp. 99-111)

**Topic 4:** Production and Cost Analysis

**Reading:** Chapter 5

**Assignment:** Homework 2

**EXAM 2: February 14**

### **Alternative Market Structures**

**Topic 5:** Competitive, Monopolistic, and Monopolistically Competitive Markets

**Reading:** Chapter 8

**Topic 6:** Basic Oligopoly Models

**Reading:** Chapter 9

**Assignment:** Homework 3

**EXAM 3: March 21**

### **Game Theory and Other Pricing Strategies**

**Topic 7:** Game Theory and Strategic Interaction

**Reading:** Chapter 10, pp. 14-19 (Time Value of Money)

**Topic 8:** Pricing Strategies for Firms with Market Power

**Reading:** Chapter 11, pp. 46-47 & 53-54 (Producer and Consumer Surplus)

**Assignment:** Homework 4

**EXAM 4: April 23 (12PM)**