

Tennessee State University
College of Business
Course Syllabus
EC 6110 Managerial Economics
Spring 2013

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Office Hours: 3.00- 5.00 pm, Monday and by appointment

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Text: Managerial Economics; Applications, Strategy and Tactics; 12th Edition.
McGuigan, Moyer and Harris; Thompson, Southwestern Press. REQUIRED. SPSS will be used; Subscription to Wall Street Journal will be helpful.

Purpose of the course:

The purpose of this course is to develop a basic understanding of the principles of economics that play important role in managerial decisions and day-to-day management practices. Specifically, this course is directed towards: (1) applying the microeconomic theory, and various applied tools, particularly quantitative techniques that are used in modern managerial decision-making. The course curriculum draws heavily from microeconomic theory, basic calculus, statistics, and elementary econometrics. The goal is to provide the students a basic problem solving skill that is used in modern managerial decision making. In an environment of ever-increasing global businesses managers need to constantly update and upgrade their tools of analysis. Managerial economics is a prime example of that. Economic decisions that were profitable a few years ago may not benefit the bottom line. New decision making tools need to be applied. On the same vein business ethics play an important role. Enron saga is not a good example for any business in the long run. Proper business ethics as well as flexible decision making approaches are emerging as vehicles for success. Upon completion of the course the students are expected to learn how economic theory and the tools of analyses apply to modern business practices and managerial decisions.

Method:

Both graphical and mathematical methods, especially calculus and statistical techniques will be used. Some class time will be devoted to review optimization, linear algebra, some elementary econometric techniques. Students who are weak in calculus may benefit from extra effort. Case studies will be intensively used; however, problem solving skills are crucial. Class participation is a must. There will be in-class activities, and students are expected to present impromptu.

Prerequisite:

Students are expected to have some basic knowledge of algebra, calculus, and some statistics.

Course Content/Outline:

A review of basic calculus and algebra (chapters 2A) will be covered during first week

During this review following topics will be covered:

PART 1.

WEEK 1

1. - What is managerial economics?
 - The concept of optimization
 - Profit maximization (one variable case)
 - Partial derivatives (more than one variable case)
 - Cost minimization
 - Multiple variable optimization
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Following this review we shall start with

WEEK 2,3 and 4

2. (Chapter 3 – 4, 4A)
 - Demand Analysis
 - Various elements of Demand
 - Elasticities
 - Estimation of Demand Function; and Hypotheses testing
 - Problems in Applying Linear Regression Model

Assignment 1 is given in Class as a group project

3. Week 5 (Chapter 5)

Business and Economic Forecasting

- Time Series Analysis
- Applications

Assignment 2 will be given during the second week of class; and will be due by the class time on third week.

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3. Reading Assignment:

WEEK 6:

(CHAPTER 6: MANAGING IN THE GLOBAL ECONOMY)

Business week; Economist; Wall Street Journal; AND THE TEXT

CHAPTER 6

Assignment 3 is a Class Presentation by Groups on MANAGING GLOBAL BUSINESS

4. **WEEK 6/7**

Production and Cost

(Chapters 7-9)

Production Function

Total Factor Productivity

Returns to Scale

Cost Functions

Applications of Cost Theory

CASE STUDY Reviews in Class

ASSIGNMENT 4 WILL BE GIVEN DURING THIS PERIOD.

MIDTERM 1 WILL BE ON WEEK 7/8.

PART 2

5. Price and Output decisions UNDER DIFFERENT MARKET STRUCTURES:

WEEK 9-13

- a. **Competitive Market Decision-theoretic Analyses (chapter 10)**
- b. **MONOPOLISTIC COMPETITION**
- c. **Price and Output determination: Monopoly and Dominant Firms (Chapter 11)**
- d. **Price and Output determination under Oligopoly: Price Leadership Model**
- e. **Game-Theoretic Models**
- f. **Some other Pricing models**
- g. **Case Analyses:**

ASSIGNMENT 5 WILL BE GIVEN IN CLASS

CASE ANALYSIS WILL BE PRESENTED IN CLASS

7. **Ethics in MANAGERIAL DECISION MAKING**

- a. **SPECIFIC CASES OF VIOLATION**
- b. **Recent Findings**

Course Requirements:

1. Students are expected to come prepared for the class. If an assignment is due, it will be collected before the beginning of the class. It is expected that for each class (3 HOURS) period students may have to spend two to three times on their own. Group study is strongly encouraged

2. Access to computer is a must. We will use SPSS package (student versions are available at discounted price) for all applications and assignments, or students may use any other software (e.g., SAS, Minitab, or the one provided with the text)
3. Make –ups are generally not given unless there is an extraneous circumstances

Method of Instruction:

Lecture, class discussions, computer and written assignments

Method of Evaluation:

The final grade will be based on two mid-term exams (25% each) and a term paper/project (25%). There will be 4 or 5 assignments. The assignments (all combined) will make up for 25 % of the grade. The grading scale will be: 90-100 = A; 80-89 = B; 70-79 = C etc. The project/term paper will have to be typed, all computer printouts (if any) need to be enclosed.