Managerial Economics, FIN 321

Spring 2016
San Diego State University
College of Business Administration
Department of Finance

COURSE INFORMATION

Class Days: Tuesday and Thursday
Class Times: 12:30-13:45
Class Location: GMCS 324
Instructor: Scott McGann

Office Hours: 15:30-16:15 M/W and 14:30-15:15 T/TH
Office Hours Location: NH 318
Units: 3

Course Overview

This class studies the role of economic analysis in management decisions. This includes: demand and supply theories from a business viewpoint; managerial decision making and corporate resource allocation; cost determination; industry positioning; pricing mechanisms; and other optimizing behaviors of the firm.

The purpose of this course is to facilitate a better understanding of how economic analysis can be applied to the management and decision-making of a firm. One of the main objectives of our studies will be to assist you in becoming a more astute manager capable of making optimal decisions in the context of scarce resources. Toward this goal, we will apply various “tools of economics”, primarily micro oriented, to better understand resource and profit optimization. While the subject is vast there will be emphasis on both the qualitative and quantitative aspects of the business. This requires consideration of such topics as supply and demand, productive and allocative efficiency, consumer choice, cost minimization, elasticity, pricing, cost determination, strategic maneuvering, as well as a consideration of the business environment from monopolistically competitive industries to the less competitive structures of oligopoly and monopoly. As a backdrop for our studies we will be evaluating the pros and cons of government regulation as well as the global climate most major firms operate in today.

Student Learning Outcomes

BSBA students will graduate being:
- Effective Communicators
- Critical Thinkers
- Able to Analyze Ethical Problems
- Global in their perspective
- Knowledgeable about the essentials of business

FIN 321 contributes to these goals through its student learning outcomes
- Use stylized examples; determine if a company is optimally employing available resources.
- Calculate demand elasticity from demand equations.
- Categorize economic costs.
- Contrast the decision-making process across industries characterized by pure competition, monopolies, and oligopolies.
- Illustrate common pricing strategies.
- Give examples of the government ensuring the legal behavior of firms.

Course Level Student Learning Outcomes Website: (http://cbaweb.sdsu.edu/assessment/slo)

Prerequisites

Accountancy 202, Finance 240, and Management Information Systems 180. Approved upper division business major, business minor, or another major approved by the College of Business Administration.

Course Materials

Managerial Economics and Strategy by Perloff and Brander, Copyright 2014.
MyEconLab supplement (required)
3 scantron forms 882E
Course Structure and Conduct

Attendance
You are expected to attend all lectures, arrive on time, and stay the entire session. Experience suggests a strong correlation between attendance and performance on the examinations. Furthermore, the topics we cover are real-world in nature and it improves the quality of the classroom environment if you come prepared to share your own experiences. "Attendance" implies you are actively engaged in the class and not doing extraneous work or using electronic devices, including a laptop. Students that regularly attend classes will be eligible to participate in any curve applied to assessments.

Professionalism/Etiquette
Please avoid the following:

• Entering class late or exiting early without pre-approval.
• Using a laptop, I-pad, cell phone, or other electronic device during lecture.
• Using audio or video recording devices without pre-approval and medical documentation demonstrating necessity.
• Request special treatment, extra credit, or accommodations not available to other students and outside what is detailed in the syllabus.

Students with Disabilities
If you are a student with a disability and believe you will need accommodations for this class, it is your responsibility to contact Student Disability Services at (619) 594-6473. To avoid any delay in the receipt of your accommodations, you should contact Student Disability Services as soon as possible. Please note that accommodations are not retroactive, and that accommodations based upon disability cannot be provided until you have presented your instructor with an accommodation letter from Student Disability Services. Your cooperation is appreciated.

Academic Honesty
The University adheres to a strict policy regarding cheating and plagiarism. These activities will not be tolerated in this class. Become familiar with the policy (http://www.sa.sdsu.edu/srr/conduct1.html). Any cheating or plagiarism will result in

Examples of Plagiarism include but are not limited to:

• Using sources verbatim or paraphrasing without giving proper attribution (this can include phrases, sentences, paragraphs and/or pages of work)
• Copying and pasting work from an online or offline source directly and calling it your own
• Using information you find from an online or offline source without giving the author credit
• Replacing words or phrases from another source and inserting your own words or phrases
• Submitting a piece of work you did for one class to another class

If you have questions on what is plagiarism, please consult the policy (http://www.sa.sdsu.edu/srr/conduct1.html) and this helpful guide from the Library (http://library.sdsu.edu/guides/tutorial.php?id=28)

Turnitin
Students agree that by taking this course all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. You may submit your papers in such a way that no identifying information about you is included. Another option is that you may request, in writing, that your papers not be submitted to Turnitin.com. However, if you choose this option you will be required to provide documentation to substantiate that the papers are your original work and do not include any plagiarized material.

Assessments and Grading
Course grades will be assigned in accordance with San Diego State University policy (see General Catalog, pp. 468-470). Undergraduate grades shall be: A (outstanding achievement, available only for the highest accomplishment), B (praiseworthy performance, definitely above average), C (average, awarded for satisfactory performance, the most common undergraduate grade), D (minimally passing, less than the typical undergraduate achievement), F (failing).
Table 1. Your course grade will be based on the following weighted components

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>Exams</td>
<td>50%</td>
</tr>
<tr>
<td>Comprehensive Final</td>
<td>25%</td>
</tr>
<tr>
<td>Applications</td>
<td>12.5%</td>
</tr>
<tr>
<td>Project</td>
<td>12.5%</td>
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</tbody>
</table>

**Exams**
Two non-comprehensive exams consisting of multiple-choice, short answer, and/or problem solving type questions drawn from the lecture material and required readings. Exams will be administered per the attached schedule. Make-up exams will not be given; however, in the event you miss one exam and notify the instructor in advance, the comprehensive final will be weighted and used as a substitute, subject to a minimum 10% penalty and without a curve.

**Comprehensive Final**
There will be a comprehensive final examination consisting of multiple-choice, short-answer, and/or problem solving type questions drawn from the lecture material and required readings.

**Applications (MyEconLab)**
There will be several non-cumulative quizzes administered in MyEconLab per the attached schedule below. Late assignments will only be accepted at the instructor’s discretion and a 10% penalty will be assessed for each day past due.

**Project**
This project will require you to collect, assemble, and interpret real-world data. Since this is an upper-division class, it is assumed that you are familiar with Excel and comfortable with basic statistical concepts and basic regression analysis. Completed assignments are to be uploaded into Blackboard in the required format no later than the due date specified (no e-mailed copies). Late assignments will only be accepted at the instructor’s discretion and a 10% penalty will be assessed for each day past due.

**Grades will be distributed as follows (no +/- grading in this class)**

| 90-100% of total points possible | A  | (Outstanding Achievement) |
| 80-89                            | B  | (Praiseworthy Performance) |
| 70-79                            | C  | (Satisfactory Performance) |
| 60-69                            | D  | (Minimally Passing)       |
| 59 or less                       | F  | (Failing)                 |

The grade for average undergraduate achievement shall be C

**Performance Tracking**
Exams and assignments may not be returned during class sessions; however, points will be recorded on Blackboard. Students are expected to access Blackboard weekly for posted announcements and grade tracking. Any errors and/or omissions in grading must be reported within one week of grade posting. Issues reported subsequently will only be corrected at the instructor’s discretion and a penalty may be attached. Under no circumstances will errors and/or omissions reported after the final has been taken be revised. Students who desire to review their exams or assignments can do so during regular office hours.

**Grade of Incomplete.** A grade of Incomplete (I) indicates that a portion of required coursework has not been completed and evaluated in the prescribed time period due to unforeseen, but fully justified, reasons and that there is still a possibility of earning credit. It is your responsibility to bring pertinent information to the instructor and to reach agreement on the means by which the remaining course requirements will be satisfied. The conditions for removal of the Incomplete shall be reduced to writing by the instructor and given to you with a copy placed on file with the department chair until the Incomplete is removed or the time limit for removal has passed. A final grade is assigned when the work agreed upon has been completed and evaluated. An Incomplete shall not be assigned when the only way you could make up the work would be to attend a major portion of the class when it is next offered. Contract forms for Incomplete grades are available at the Office of the Registrar website (http://arweb.sdsu.edu/es/registrar/).
Table 2. The course schedule, including textbook readings and class assessments listed by week, is presented in the following table.

<table>
<thead>
<tr>
<th>Week</th>
<th>Textbook Readings</th>
<th>Assessments</th>
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<tbody>
<tr>
<td>1: January 21</td>
<td>Chapter 1: Introduction</td>
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<td>2: January 26, 28</td>
<td>Chapter 2: Supply and Demand</td>
<td>-</td>
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<td>3: February 2, 4</td>
<td>Chapter 3: Empirical Methods for Demand Analysis</td>
<td>App 1 Due: 2/4</td>
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<td>4: February 9, 11</td>
<td>Chapter 4: Consumer Choice</td>
<td>-</td>
</tr>
<tr>
<td>5: February 16, 18</td>
<td>Chapter 5: Production</td>
<td>Exam 1: 2/18</td>
</tr>
<tr>
<td>6: February 23, 25</td>
<td>Chapter 6: Costs</td>
<td>-</td>
</tr>
<tr>
<td>7: March 1, 3</td>
<td>Chapter 7: Firm Organization and Market Structure</td>
<td>App 2 Due: 3/3</td>
</tr>
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<td>8: March 8, 10</td>
<td>Chapter 8: Competitive Firms and Markets</td>
<td>-</td>
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<tr>
<td>9: March 15, 17</td>
<td>Chapter 9: Monopoly</td>
<td>App 3 Due: 3/17</td>
</tr>
<tr>
<td>10: March 22, 24</td>
<td>Chapter 10: Pricing with Market Power</td>
<td>Project Assigned: 3/24</td>
</tr>
<tr>
<td>11: April 5, 7</td>
<td>Chapter 11: Oligopoly and Monopolistic Competition</td>
<td>Exam 2: 4/7</td>
</tr>
<tr>
<td>12: April 12, 14</td>
<td>Chapter 12: Game Theory and Business Strategy</td>
<td>Project Due: 4/14</td>
</tr>
<tr>
<td>13: April 19, 21</td>
<td>Chapter 16: Government and Business</td>
<td>App 4 Due: 4/21</td>
</tr>
<tr>
<td>14: April 26, 28</td>
<td>Chapter 17: Global Business</td>
<td>-</td>
</tr>
<tr>
<td>15: May 3, 5</td>
<td>Concluding Thoughts</td>
<td>App 5 Due: 5/5</td>
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<tr>
<td>16: May 12th</td>
<td>Final Exam 10:30-12:30</td>
<td>-</td>
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Changes to the course schedule, if any, will be announced in class.