

USC Marshall

School of Business

Syllabus - TERM I, 2014-2015, MBA.PM.LA

GSBA 511 - MANAGERIAL ECONOMICS

Day & Time: Wednesday, 6:00 pm - 9:40 pm
Section Number: 15594

Professor: Raşan Akbulut
Office: ACC 301 K
Office Hours: W 4:30 - 5:30 pm (in ACC 301K),
S 12:40 - 1:40 pm (in JKP 106), or by appointment
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Course Description

The purpose of GSBA 511 Managerial Economics is to refine our understanding of how markets work and to explore the challenges and opportunities that markets pose for managers and firms. The course applies basic economic principles to address issues that arise in a firm's relationships with customers, suppliers, competitors, employees, other organizations, and the regulatory environment. Managerial Economics also provides some fundamental building blocks for other courses in the core curriculum, including Marketing Management, Strategic Formulation for Competitive Advantage, and Corporate Finance.

Course Learning Objectives

Upon completion of this course you will be able to:

1. Analyze and make suggestions for optimal resource allocation using graphical and algebraic technics to apply economic theories and models.
2. Apply the basic demand-supply market model to goods markets and factor markets by identifying and analyzing the values of equilibrium prices and quantities as determined by market forces.
3. Calculate the impacts of consumer and market forces on each other by differentiating and then applying different aspects of neoclassical economic theory.
4. Explain the role of game theory in economic models by representing various game-theoretic interactions.
5. Explain market power by examining the impact of monopoly and oligopoly on resource allocation.
6. Apply concepts of comparative advantage through calculation of gains from exchange, given two countries' (or individuals') production possibilities frontiers.
7. Analyze the impact of various forms of government interference in markets by calculating the changes in consumer and producer surplus, and deadweight loss.
8. Demonstrate understanding of public goods, and positive and negative externalities and how they relate to potential market failure.

Alignment with Marshall School of Business MBA Program Learning Goals

Learning Goals: In this class, emphasis will be placed on the USC Marshall School of Business learning goals as follows:

Goal	Description	Course Emphasis
1	Our graduates will develop a strategic level of understanding of the key functions of business and be able to comprehend the relationships between the core business disciplines in order to <i>make holistic judgments and decisions in analyzing business situations.</i>	High
2	Our graduates will develop a global mindset and a competitive edge in this interdependent, fast-changing, diverse and volatile world through structured educational opportunities. They will acquire knowledge, both theoretical and practical as well as experiential, about America and the rest of the world, and the economic/financial interdependencies that signify current geopolitical, economic and financial relationships that impact business decisions <i>so as to make a difference in the world.</i>	Moderate
3	Our graduates will demonstrate critical thinking skills by making the intellectual connection between quantitative and qualitative tools, theories and context to provide the basis for <i>proper and effective problem solving and decision making as well as the development of new and innovative business opportunities to strategically navigate the complex demands of the current and dynamic national and international business environments.</i>	High
4	Our graduates will develop people and leadership skills by demonstrating self-awareness, emotional intelligence, curiosity, visionary and strategic thinking, teamwork, reflection and knowledge transfer skills to promote their effectiveness as <i>business managers and leaders.</i>	Low
5	Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities <i>and aspire to add value to society.</i>	Low
6	Our graduates will be effective communicators <i>to facilitate information flow in organizational, social, and intercultural contexts.</i>	Low

Required Course Material

The required text for this course is Hubbard and O'Brien, *Microeconomics*, Pearson Prentice Hall, 5th Edition. The publisher has compiled a custom edition of the text that eliminates two chapters from the full version. It is available at the USC Bookstore at a considerably lower price than the full version. For a small additional price, the publisher has packaged the custom text with MyEconLab (MEL), which is an online study aid. We will use MEL for **graded** assignments. You will get automatic feedback as you do the problems. Once you register to MEL, you will also be able to access the full version of your textbook electronically. ISBN for our custom edition packaged with MEL is:

ISBN-13: 9780133827057

Detailed MEL registration and course enrollment information is provided at the end of the syllabus.

Power point slides of the lectures and other course material (notes, articles, etc.) will be provided in advance of each class on Blackboard.

Expectations

An active and productive classroom is essential for the success of this course. Cultivating and maintaining such an environment is the responsibility of the instructor and the students. This responsibility imposes several obligations on all of you. First, it is very important that *you prepare yourself for each and every session*. It is not necessary that you know the material “cold” before each class, but it is important that you expend sufficient effort to gain some grasp of the ideas we will be discussing. To be more specific, *prior to every session, you should read all of the assigned materials, and give some thought to the broader managerial implications of the materials*.

Second, microeconomics uses algebra, geometry and some notions from calculus as tools to summarize complex arguments that cannot be efficiently expressed in words. Most of this mathematics is at the high school level, but it can be challenging if a lot of time has passed since you last used it. I will briefly review these concepts as I use them to present economic arguments, but I can only use a bit of our precious class time for this discussion.

And third, it is very important that you appreciate the interactive nature of the classroom environment. Although I will typically lecture, that does not mean I discourage classroom interaction. On the contrary, I encourage your active participation in the discussion through observations and questions. If I feel that a question leads us too far afield and would better be discussed outside of class, I’ll say so.

<u>Grading Policies</u>	MyEconLab Assignments	15 %
	Other Assignments	5 %
	Team Project	10 %
	Participation	5 %
	Midterm 1 & 2	30 %
	Final	35 %

MyEconLab - Assignments: You will have to do these assignments online. There will be assignments for every chapter. You get instant feedback on your answers. If your answer is wrong, you can reattempt the question. There is a limit of 3 attempts per question. Late work will not be graded, no matter what the excuse is. But I will drop your three lowest scores.

Other Assignments: Articles from the economic and financial press will be posted on Blackboard. They are intended to provide an applied perspective to the concepts that will be covered in this course. I will also post the questions that you should address in relation to these articles. I might also ask you to find articles related to the concepts we are covering. You will submit your response on Blackboard. You will get credit (1) or no credit (0) for it. I will record your grades on Blackboard.

Team Project: You will get instructions for a team project. *It will be due at the beginning of our last lecture on **Wednesday, October 29th**.*

Participation: Your active participation in class is very important. Class participation grades are based on the quality of your input. What is “high quality” class participation? It can come in many forms such as asking a seemingly simple question that was also on the mind of other students, lucidly explaining the answer to some problem we are trying to solve, giving an alternative perspective to a comment made by another student, or anything else that makes most people in the room glad that you spoke up. It’s not always about giving a brilliant answer. It’s also about keeping a conversation moving in a positive direction or helping to get a conversation back on track when it has begun to stray.

Midterm Exams: The first midterm exam will be on **Wednesday, September 17th**, at the beginning of the lecture. It will test material covered up to the exam. The second midterm exam will be on **Wednesday, October 8th**, again at the beginning of the lecture. It will test material covered after the first midterm. After the exams we will continue with our lecture. **No midterm makeup will be given.** In case of proven medical emergencies, the weight of the midterm will be added to the final exam.

Final Exam: The final exam will be on **Wednesday, November 5th, at 6:00 - 8:45 pm.** It will be comprehensive. No makeup exams will be given, except for proven medical emergencies.

All exams will be closed book and notes.

Grade Appeals: If you are not satisfied with your grade on an exam, you can appeal to me in writing, within one week after the exam is handed out.

There are no specific policy guidelines with respect to the number or percentage of any specific grade given (e.g., A, A-, etc.) or the number or percentage of passing or failing grades. Thus, considerable discretion is given each course instructor regarding the exact assignment and distribution of grades. A reasonable expectation for this class is an average grade of B+, or 3.3 GPA. I will also ensure that each student receiving a passing grade in this course has demonstrated sufficient mastery of the materials to facilitate their successful performance in subsequent courses.

The University, as an instrument of learning, is predicated on the existence of an environment of integrity. As members of the academic community, faculty, students, and administrative officials share the responsibility for maintaining this environment. Students are obliged to engage in behavior that maintains the standards of academic integrity so essential to a productive learning environment.

Class Etiquette:

This is a large class and I need your cooperation in ensuring orderly conduct of the lectures.

- No laptop or tablet computers should be used during class time.
- Please turn your cell phones off before entering the class.
- Please arrive on time. If you are going to be late on a particular day, for a valid reason, please let me know in advance.
- If you have to leave early on a particular day, for a valid reason, please let me know in advance; also, try to find a seat near an aisle to minimize disruption to others.

Statement from Disability Services and Programs:

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. - 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

Course Outline and Reading Assignments:

Lect.	Date	Topic	Reading from Hubbard & O'Brien ¹
1	8/27	Introduction to Economics I will introduce the course, give you some idea of what to expect. Trade-offs, Comparative Advantage, and the Market System Comparative Advantage and the Gains from International Trade	Ch. 1 (including Appendix) Ch 2 Ch. 9.1-9.3
2	9/3	Where Prices Come from: The Interaction of Supply and Demand Economic Efficiency, Government Price Setting, Taxes and Tariffs	Ch. 3 Ch. 4 Ch. 9.4, 9.5
	9/10	----- GSBA 542 -----	
3	9/17	***** Midterm 1 ***** Externalities, Environmental Policy, and Public Goods Elasticity: The Responsiveness of Demand and Supply	Ch. 5 Ch. 6
4	9/24	Consumer Choice and Behavioral Economics Using Indifference Curves and Budget Lines to Understand Consumer Behavior Technology, Production, and Costs Using Isoquants and Isocosts to Understand Production and Cost	Ch. 10 Ch. 10 Appendix Ch. 11 Ch. 11 Appendix
5	10/1	Firms in Perfectly Competitive Markets Monopolistic Competition: The Competitive Model in a More Realistic Setting	Ch. 12 Ch. 13
6	10/8	***** Midterm 2 ***** Oligopoly: Firms in Less Competitive Markets	Ch. 14
	10/15	----- GSBA 542 -----	
7	10/22	Monopoly and Antitrust Policy Pricing Strategy	Ch. 15 Ch 16
8	10/29	Markets for Labor and Other Factors of Production The Economics of Health Care	Ch. 17 Ch. 7
	11/5	Comprehensive Final Examination	

¹ Note that the chapter numbers refer to the full version of the text. They are consistent with the e-text on MEL. In the custom text, the chapters are not numbered. Make sure to compare the topics before reading.

MyLab / Mastering Student Registration Instructions

To register for **GSBA 511 – Fall 2014 - Wednesday**:

1. Go to pearsonmylabandmastering.com.
2. Under Register, click **Student**.
3. Enter your **instructor's course ID: akbulut50526**, and click **Continue**.
4. Sign in with an existing Pearson account or create an account:
 - If you have used a Pearson website (for example, MyITLab, Mastering, MyMathLab, or MyPsychLab), enter your Pearson username and password. Click **Sign In**.
 - If you do not have a Pearson account, click **Create**. Write down your new Pearson username and password to help you remember them.
5. Select an option to access your instructor's online course:
 - Use the access code that came with your textbook or that you purchased separately from the bookstore.
 - Buy access using a credit card or PayPal.
 - If available, get 17 days of temporary access. (Look for a link near the bottom of the page.)
6. Click **Go To Your Course** on the Confirmation page. Under MyLab / Mastering New Design on the left, click **GSBA 511 – Fall 2014 - Wednesday** to start your work.

To sign in later:

1. Go to pearsonmylabandmastering.com.
2. Click **Sign In**.
3. Enter your Pearson account username and password. Click **Sign In**.
4. Under MyLab / Mastering New Design on the left, click **GSBA 511 – Fall 2014 - Wednesday** to start your work.

Additional Information

See **Students > Get Started** on the website for detailed instructions on registering with an access code, credit card, PayPal, or temporary access.