

## ECON 431 Managerial Economics (3 Credits)

Fall 2018

0018 Carver Hall, Iowa State University

M W F 11:00 – 11:50 AM Aug 20 – Dec 7, 2019

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ISU's Canvas Course Management Tool: [canvas.iastate.edu](https://canvas.iastate.edu)

### Primary Text:

Baye, Michael & Jeffrey Prince. *Managerial Economics and Business Strategy*. 8<sup>th</sup> Edition. Irwin, McGraw-Hill, 2012. To increase the value of class discussions, students are expected to read textbook chapters ahead of class discussions.

### Supplemental Readings:

There may be additional material assigned to be covered outside of class, as preparation for the in-class discussions and activities. Students can stay up to date on current events by reading The Wall Street Journal. As a student at Iowa State University, you have access to the WSJ at no additional cost. Other readings outside the text may be assigned from time to time. **Any** intermediate microeconomics text will serve as a good review and extension to the course material. (There are several available from Parks Library.)

### Learning Outcomes:

- Understand the principles of micro-economics in a managerial & global context.
- Pose a problem & identify solutions using the appropriate concepts of micro-economics.
- Understand how to empirically model & answer managerial questions using micro-economics concepts.
- Effectively communicate policy recommendations that are based on empirical analysis and micro-economic principles.

### Classroom Etiquette:

Conduct yourselves in a manner consistent with the degree you are pursuing. Be professional and respectful of your colleagues. Please turn off ringers of phones, surf the internet/games/etc outside of class, and eat and drink with due consideration for others. Please clean up after yourself and your neighbors. Leave the room in better condition than you found it.

### Attendance, Class Participation, & Team Effort:

Attendance and participation are expected. 8% of your grade will be based on your participation, attendance, and the value of your contribution toward group work. Good participation does not mean dominating the discussion or being the first one to speak. Sharing your ideas and listening to the ideas of others are important. Lectures will include material not found in the text. Participation in class discussions is expected. Each team member will be asked to provide feedback on the value of EACH member's effort toward the group projects, assignments, and discussions. Feedback from your colleagues will be used to determine part of this grade.

**Exam:**

There will be 1 exam at the end of the course worth 23% of the final grade. The exam will cover the readings, lectures, assignments, and include some questions that require new use of the tools you are learning. There will be two parts (take home & in-class). If you are unable to take the exam you must make prior arrangements or you will be given a zero on the exam.

**Quizzes:**

There will be a quiz approximately every 3 weeks. Each quiz will be worth equal weight and in total quizzes will account for 23% of your final grade. If all quizzes are scored, the quiz with the lowest score will be dropped. A missed quiz counts as 0 and will be dropped.

**Five Forces Current Event Report**

Each student needs pick a firm and discuss a managerial response to a change the firm/industry is facing using the 5-Forces framework. The five forces report is worth 8% of the final grade. Select a firm and find articles in the Wall Street Journal (within 1 year old) that discuss an area on the Five Forces framework. Write a memo to the C-Suite executives of your firm (2-4 pages) including (1) a brief introduction of the firm, (2) an overview of the situation(s), (3) How the situation(s) fits into the Five Forces framework & particular concepts from class, (4) the managerial response you would suggest, (5) provide the URL to the articles or printed copies. Within each team, please do not duplicate firms or industries. Look for global aspects of issues when possible. I encourage you to use team members as “editors” before turning in the projects, but each person must write their own report. Each person will present a 5-10 minute presentation to class on the current event report with appropriate supporting PowerPoint slides (or similar products). These presentations will take place after the Thanksgiving break (e.g. Nov 26 – Dec 7. Please note this includes Dead Week.)

**Assignments:**

Assignments (both in class and take home) will be worth 15% of the final grade. The problems will be applications of concepts discussed in class as well as general preparation for the exams. Assignments will be in class and take home. Team and individual assignments will be given.

**Team Project:**

Team project will make up the remaining 23% of the final grade. There will be one large project that allows you to apply your statistical skills to an economic problem. It will require statistical analysis (regression), a 1-2 page typed executive summary, and a 3-5 page economic/statistical report that supports the executive summary (additional pages of regression results and summary statistics are to be included in an appendix to the economic report). The executive summary should include a brief introduction, overview of results, and focus on policy implications. The economic report must include the theoretical framework, empirical model, discussion of the results of the regression, and interpretation of your findings. If submitting the report electronically, please turn it in as a single PDF. No late projects accepted. We will have team “presentations” and class debrief/discussion of the project. Each team is expected to present facts, findings, etc from their work as part of the class discussion. Individual grades from the team project will reflect the team evaluations.

## Grading Scale

A	[93%, 100%]	B	[83%, 87%)	C	[73%, 77%)	D	[63%, 67%)
A-	[90%, 93%)	B-	[80%, 83%)	C-	[70%, 73%)	D-	[60%, 63%)
B+	[87%, 90%)	C+	[77%, 80%)	D+	[67%, 70%)	F	[0%, 60%)

The best time to be concerned and ask about your grade is today; do not wait until the end of the course.

## Course Outline

Topic	Reading in Baye	
Introduction and Review of Analytical Tools	1	
Overview of Market Supply and Demand	2	Quiz 1
Empirical Analysis	3	Quiz 2
Consumer Behavior & Labor-Leisure Model	4	Quiz 3
Theory of the Firm (Production & Costs)	5, 6	Quiz 4
Market Structure – (Perfect Competition to Monopolies)	7, 8, 9, 14	
Game Theory & Price Discrimination	10, 11	Exam 1

## Specific Dates:

Sept 3	Labor Day – No Class (University Holiday)
Nov 12	5-Forces Paper Due
Nov 16	Exam #1
Nov 19-23	Thanksgiving break (no class)
Nov 26	5-Forces Presentations in class
Dec 3	Team Project Reports Due
Dec 10	Scheduled Final Exam – Team Project Presentation/Debrief

## Pre-requisites:

The Pre-requisites for this course is Intermediate Microeconomics (ECON 301). If you have not had this course, please talk to the instructor during the first day of class.

## Academic Integrity:

The class will follow Iowa State University's policy on academic integrity. Any work (assignment, exam, paper, etc) that violates academic integrity will be given a zero. Anyone suspected of academic dishonesty will be reported to the Dean of Students Office. <http://www.dso.iastate.edu/ja/academic/misconduct.html>.

## Student Accessibility Services:

Iowa State University is committed to assuring that all educational activities are free from discrimination and harassment based on disability status. Students requesting accommodations for a documented disability are required to meet with staff in Student Accessibility Services (SAS) to establish eligibility and learn about related processes. Eligible students will be provided with a Notification Letter for each course and reasonable accommodations will be arranged after timely delivery of the Notification Letter to the instructor. Students are encouraged to deliver Notification Letters as early in the semester as possible. SAS, a unit in the Dean of Students Office, is located in room 1076, Student Services Building or online at [www.sas.dso.iastate.edu](http://www.sas.dso.iastate.edu). Contact SAS by email at [accessibility@iastate.edu](mailto:accessibility@iastate.edu) or by phone at 515-294-7220 for additional information.

**Dead Week Policy:**

This class follows the Iowa State University Dead Week policy as noted the ISU Policy Library; as well as section 10.6.4 of the Faculty Handbook. Please note that the team project is due Dec 3 and individual 5-forces in-class presentations are scheduled during dead week.

**Harassment and Discrimination**

Iowa State University strives to maintain our campus as a place of work and study for faculty, staff, and students that is free of all forms of prohibited discrimination and harassment based upon race, ethnicity, sex (including sexual assault), pregnancy, color, religion, national origin, physical or mental disability, age, marital status, sexual orientation, gender identity, genetic information, or status as a U.S. veteran. Any student who has concerns about such behavior should contact his/her instructor, [Student Assistance](#) at 515-294-1020 or email [dso-sas@iastate.edu](mailto:dso-sas@iastate.edu), or the [Office of Equal Opportunity and Compliance](#) at 515-294-7612.

**Religious Accommodation**

If an academic or work requirement conflicts with your religious practices and/or observances, you may request reasonable accommodations. Your request must be in writing, and your instructor or supervisor will review the request. You or your instructor may also seek assistance from the [Dean of Students Office](#) or the [Office of Equal Opportunity and Compliance](#).