

# MANAGERIAL ECONOMICS

MBAC 6011  
SYLLABUS  
FALL 2008

MW – 9:30am – 10:50am – Koebel 340 (TBA, may be S127)  
MW – 2:00pm – 3:20pm – Koebel S127

Bruce R Kline  
Leeds School of Business  
University of Colorado, Campus Box 419  
Boulder, CO 80309  
303-735-4872 (also x54872 ) (office) 970-231-0598 (cell)  
**E-mail:** [bruce.kline@colorado.edu](mailto:bruce.kline@colorado.edu)  
Office: Koebel 215B  
Hours: 1:00pm – 2:00pm MW, or as arranged on MW

## Text and Materials

- 1. BSZ:** *Managerial Economics and Organizational Architecture* by Brickley, Smith & Zimmerman [Irwin; 4<sup>th</sup> Ed., 2007]
- 2. GRE: Optional\*** *Essentials of Economics* by Paul Gregory [Addison-Wesley; 6<sup>th</sup> Ed.]  
\* For those who have not taken courses in microeconomics, this has a good review of microeconomics included. It also has a good review of macroeconomics for students who have not “recently” taken a macro course.

## Course Description and Objectives

“Studies the elements of the business firm's fundamental problem -- how to maximize profits. Develops for each element managerial theory based upon introductory and intermediate-level microeconomics. Analyzes various applications and misapplications of the relevant concept, primarily through case studies. Differential calculus and statistics are used throughout the course.”

This course is one of two parts. This course will focus on the impact of managerial decisions in an attempt to efficiently use firm resources to ultimately achieve an increase in value. This is sometimes referred to as managerial economics. These decisions are made in the context of the firm as an entity surrounded by its environment. We will work to understand the drivers behind demand for a firm's products or services, as well as the drivers affecting how a firm decides to supply its products or services. These “micro”economic decisions are influenced by a firm's structure and its competitive place in an industry, as well as its relation to the governments in the localities in which it does business. This course will not make extensive use of calculus, although a thorough understanding of algebra and “change at the margin” is essential.

The second part of this course is an overview of the basics of macroeconomic theory and policy, and a discussion of current business conditions. A manager's understanding of GDP, monetary and fiscal policy, tax and trade policy and many other public policies attempting to deal with contemporary problems is critical to effective managerial decisions.

### **Disabilities**

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, and/or [www.Colorado.EDU/disabilityservices](http://www.Colorado.EDU/disabilityservices)

### **Religious Observance**

Campus policy regarding religious observances requires that faculty make every effort to deal reasonably and fairly with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, you will be expected to submit all homework and papers on time. Should you have a conflict with a scheduled quiz, you must notify me in advance to make appropriate accommodation.

See full details at [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)

### **Classroom Behavior**

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to me with your legal name. If you request that I address you by an alternate or specific name, title or pronoun, please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at

<http://www.colorado.edu/policies/classbehavior.html> and at

[http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student\\_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

### **Discrimination / Harassment**

The University of Colorado at Boulder policy on Discrimination and Harassment, the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships apply to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH, the above referenced policies and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at <http://www.colorado.edu/odh>

### **Honor Code**

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council ([honor@colorado.edu](mailto:honor@colorado.edu); 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at

<http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>

## **Student Expectations and Responsibilities**

Prepare for every class by doing the assigned readings and assignments. To use class time effectively, it is essential that you complete the reading before class and come prepared to ask questions. Contribute to class discussions and other activities.

**Exam:** There will be a final exam covering the entire course. It will be a mixture of multiple choice, short answer/essay, and calculation problems.

**Quizzes:** There will be a quiz each Monday covering the prior week's material (Quiz 1 will be Wednesday, Sept 3, there will not be a quiz on Monday, September 8)

**Homework:** There are homework assignments for each week, due at the start of the class on Wednesday. Please turn in those problems marked in bold and underlined (see schedule), but be prepared to discuss all the questions. You are encouraged to work together on the homework. Please submit the homework as a hard-copy.

**Paper:** There will be a three to four-page, double-spaced paper, completed with your group. This will be a "current event" paper. Choose an article that describes an economic topic covered in class. Provide a synopsis of the article and describe its connection to the economic topic. Provide the source citation. The paper will be due by SUNDAY, September 21 at 5:00pm MDT. Please submit your paper electronically (.docx, .doc, .rtf, or .txt format) to my e-mail address before class on the due date with the following file name – LastName1\_LastName2\_LastName3\_LastName4\_MBAC6011paper.xxx (xxx = .docx, .doc, .rtf, .txt – which is a file extension typically added when you save the file.)

**Participation:** In addition to regular class participation, be prepared to discuss (no presentation materials required) your paper topic with the rest of the class during weeks 5-7.

### **Grading** (may be modified)

Exam	150
Quizzes (5)	150
Homework (7)	35
Paper	25
Participation	<u>15</u>
TOTAL	375

In general,  
>335, A  
300-335, B  
260-299, C

Pluses and minuses are used for the final grades. (A+ does not count as a matter of University policy.)

## Course Schedule

**Note:** Homework assignments are given for each chapter in **BSZ**. The numbers refer to the “Review Questions” section in each chapter. You should have these prepared before class. You will turn in the underlined problems for “grading.” Keep a copy for yourself if you wish.

<b>WEEK</b>	<b>Date</b>	<b>TOPIC &amp; ASSIGNMENT SCHEDULE</b>
<b>1</b>	AUG 25/27	<b>INTRODUCTION TO ECONOMICS</b> <u>Read</u> <b>BSZ: Chapter 1 Introduction</b> [C1; 2, 4, 6] GRE: Chapter 1 Scarcity... Appendix: Working with Graphs <u>Read</u> <b>BSZ: Chapter 2 Economic Behavior</b> , Read Appendix [C2; 1, 2, <u>3</u> , 6, 7, <u>17</u> , 18, 21, 23, <u>24</u> ]
<b>2</b>	SEPT 3	<b>MARKETS &amp; HOW THEY WORK</b> <u>Read</u> <b>BSZ: Chapter 3 Markets</b> [C3; 4, <u>5</u> , <u>6</u> , 7, 9, 10, 11, 12, 13, 14, 15, <u>17</u> , <u>19</u> , <u>20</u> , <u>21</u> , 22, <u>23</u> ] GRE: Chapter 2 How a Market Economy Works: The Price System
<b>3</b>	SEPT 8/10	<b>DEMAND</b> <u>Read</u> <b>BSZ: Chapter 4 Demand</b> [C4; <u>2</u> , <u>3</u> , <u>4</u> , <u>7</u> , 8, <u>10</u> , <u>15</u> , 18, 19, 21, 22, <u>23</u> , <u>25</u> ] GRE: Chapter 3 Market Demand, Supply and Elasticity
<b>4</b>	SEPT 15/17	<b>PRODUCTION &amp; COSTS: SUPPLY</b> <u>Read</u> <b>BSZ: Chapter 5 Production and Costs</b> [C5; <u>2</u> , <u>3</u> , 6, 7, 8, <u>11</u> , 12, 14, 17, <u>18</u> , 20] GRE: Chapter 5 Costs and Productivity
<b>5</b>	SEPT 22/24	<b>MARKET STRUCTURE: Competition, Mon Comp, Oligopoly &amp; Monopoly</b> <u>Read</u> <b>BSZ: Chapter 6 Market Structure</b> [C6; <u>3</u> , <u>4</u> , 5, 6, <u>7</u> , <u>8</u> , 9, 13, 14] GRE: Chapter 6 Competitive Markets Chapter 7 Monopoly and Oligopoly
<b>6</b>	SEPT 29/OCT1	<b>PRICING, CREATING AND CAPTURING VALUE</b> <u>Read</u> <b>BSZ: Chapter 7 Pricing with Market Power</b> [C7; 1, <u>2</u> , 3, 5, 7, <u>8</u> , <u>9</u> , <u>10</u> , 11, 12, 13, <u>14</u> ] <u>Read</u> <b>BSZ: Chapter 8 Economics of Strategy</b> [C8; 2, 3, 8, 9, 10]
<b>7</b>	OCT 6/8	<b>INCENTIVE CONFLICTS, CONTRACTS &amp; ETHICS: ORG. ARCH</b> <u>Read</u> <b>BSZ: Chapter 10 Incentives, Conflicts &amp; Contracts</b> [C10; 3, 4, 5, <u>6</u> , <u>7</u> , 10, 11] <u>Read</u> <b>BSZ: Chapter 11 Organizational Architecture</b> [C11; 3, <u>4</u> , 10] <u>Read</u> <b>BSZ: Chapter 22 Ethics &amp; Organizational Architecture</b> [C22; <u>1</u> , 2, 5, 6]
<b>8</b>	OCT 13/15	<b>REVIEW and EXAM: Wednesday, October 15 9:00am – 12:00noon</b>