

SYLLABUS

COURSE DESCRIPTION

This course is concerned with the application of economic principles and methodologies to the decision-making process of the organization operating under conditions of uncertainty. Using Managerial Economics, managers attempt to extract from economic theory, especially microeconomic, those concepts and techniques that enable them as decision makers to efficiently allocate resources of the organization. The techniques, examples and discussions presented will illustrate the commonality of the problems faced by managers in both public and private organizations to identify the alternative means of achieving given objectives and then select the alternative that accomplishes the objective in the most efficient manner.

REQUIRED MATERIALS

TEXT: Truett, Lila J. and Truett, Dale B., Managerial Economics, Eighth Edition.
Calculator, preferably a business calculator.

KNOWLEDGE OBJECTIVES

At the end of the course, the learner will

- Understand the relationship between price, revenue and profit
- Describe, discuss and understand the factors that impact on demand for a firm's product
- Be familiar with the problems encountered in developing and using econometric demand models
- Understand how price, income and cross elasticities of demand can be used by managers in forecasting and manipulating the demand for products
- Understand the relationship between cost, output, revenue and profit
- Understand the strengths and weaknesses of the profit-maximization objective
- Be able to differentiate between monopolistic competition, pure competition, and monopoly market structures with respect to the price and output determination decision
- Be familiar with the primary barriers of entry that prevent new firms from entering an industry
- Understand the primary factors that define the market structure in an industry
- Understand the law of diminishing marginal returns and its implications
- Understand the relationship between a firm's production function and the firm's cost structure
- Understand marginal analysis and how managers can use it in decision-making

SKILL OBJECTIVES

At the end of the course, the learner will

- Compute various elasticities of demand
- Use regression analysis to develop demand functions
- Follow the major steps associated with applying the cost-benefit analysis model
- Use the approaches used by economists to define and measure revenue and costs

EXPECTATIONS

Students are expected to complete reading assignments prior to the class lecture and complete end of chapter problems as needed for their understanding of the material presented in the chapter. End of chapter problems will be reviewed in class upon students' requests.

EVALUATION

- **Two exams worth 150 points each.**
- **Two-four cases worth 25-50 points each.**
- **Other assignments as given***

- All students will complete each case analysis for a grade. Students, at their discretion, may work in groups of up to three people for completion of the cases. If a student wishes to work on the cases alone, that is also within his or her discretion. If students work in a group, all names submitted as contributors will receive the same grade, so choose your partners carefully. A student may work in different groups for different cases as desired.

| Assignment | Number | Points | Total Points |
|-------------------|---------------|---------------|---------------------|
| Exam | 2 | 150 | 300 |
| Cases | 2-4 | 25 | 50-100 |
| Other* | ? | ? | ? |
| | | Total | 350-400 + |

*There will be an unspecified number of assignments given in class relating to discussed material. These assignments will have varying weight and length of completion time, but will generally be due the week following the assignment.

Final grades are assigned as follows:

| % | Grade |
|----------|--------------|
| 94-100 | A |
| 90-93 | A- |
| 87-89 | B+ |
| 83-86 | B |
| 80-82 | B- |
| 77-79 | C+ |

| % | Grade |
|----------|--------------|
| 73-76 | C |
| 70-72 | C- |
| 67-69 | D+ |
| 63-66 | D |
| 60-62 | D- |
| Below 60 | F |