

*Convictions are more dangerous foes of truth than lies.*  
*Nietzsche*  
*"I rather understand one cause than be the king of Persia."*  
*Democritus*  
*In great attempts, it is glorious even to fail.*  
*Cassius*

**MERCER UNIVERSITY**  
**STETSON SCHOOL OF BUSINESS AND ECONOMICS**  
**MASTER OF BUSINESS ADMINISTRATION PROGRAM**  
**FALL-I, 2004**

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**BAA 601: MANAGERIAL ECONOMICS**

**Professor:** Dr. Reza Jalili

**OFFICE HOURS:** Wednesdays: 2:00- 6:00 p.m. or by appointments

**OFFICE LOCATION:** Room 206, SSBE Building, Atlanta Campus

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**COURSE DESCRIPTION:**

A survey of economic tools and analysis available to the manager for business decision making in a dynamic global market.

**PREREQUISITE:**

BA 501 or approved undergraduate equivalent.

**REQUIRED TEXTBOOK:**

*The NEW MANAGERIAL ECONOMICS*, William Boyes, Houghton Mifflin Company, 2004. In addition, you are strongly encouraged to take useable class notes and regularly consult business periodicals.

**CLASS OBJECTIVES:**

To familiarize the participants with fundamental economic methodology as well as selected tools and concepts necessary in analysis and evaluation of situations arising in the economic decision-making process of an organization operating in the modern dynamic global economy. Introduction to economic way of thinking, utilization of cost-benefit analysis, analysis of demand and supply, discussion and application of appropriate elasticities, investigation of various pricing strategies, examination of different market structures, exploration of cost and production theories, consideration of externalities and market failure, probing of the government's economic role and public goods are among the topics which will be emphasized. All topics are presented in a framework hospitable to critical mode of thinking and helpful to development and enhancement of systematic investigative skills and logical reasoning required by decision-makers in addressing domestic and international issues. Throughout the course, when appropriate, insights offered by the Game Theory and Behavioral Economics will be utilized substantially.

### **TEAMWORK:**

The class will be divided into teams of three to four people. Members of each team should establish some channels of communication amongst themselves and closely work and communicate with all members of their team. All questions, difficulties, and problems must first be discussed within the team. All unresolved issues and remaining difficulties or concerns, then, must be raised in class. The team members also will collectively work on the group project and will write the final term paper.

### **EVALUATION CRITERIA:**

Your grade for the course will be calculated based on the following:

- a) Two equally weighted exams counting as 80 points.
- b) One take-home exam counting as 5 points. The questions in this test will not necessarily be from the material covered in class and will require outside reading and research.
- c) A collaborative team project research paper on a related economics topic. Each team will comprise of three to four members. Each submitted

written final project will have a potential total grade that is equal to 15 times the number of individuals in that team. The team members will distribute this total grade among themselves in any manner they see fit and is agreed upon by all members. The distribution of the total points must be based on each individual's contribution to the project. The instructor will be the final arbiter of the project's grade distribution. The paper should be between 15-20 double spaced typed pages in length and it is due on the seventh class meeting. The research topic must be cleared with the instructor prior to commencement of any work on the paper. The paper itself must follow one of the acceptable formats (e.g., APA style) and must at least contain the followings:

- Cover page
- Table of content
- Statement of purpose
- Methodology, assumptions, and hypothesis
- Background
- Survey of the literature
- Discussion
- Conclusions and results
- Bibliography
- Search Domain
- Grade distribution among the team members

**GRADING SCALE:**

A	93-100	(Outstanding, very creative, superior skill)
B+	88-92	(Above average, creative, disciplined work)
B	83-87	(Some creativity and discipline, good work)
C+	78-82	(Satisfactory work, expectations met.)
C	73-77	(Meet minimum standards)
D	60-72	(Below expectations for college work)
F	below 60	(Minimum requirements not met.)

### **ATTENDANCE AND PARTICIPATION:**

Attendance will be taken regularly and all students are expected to be present and actively participate in all sessions. In the event you missed a class, it is your responsibility to be aware of all that was covered in the missed session.

There will be no make up tests or change of the test dates except **under very special** circumstances and with prior approval of the instructor. If you take a test at a different time, although the subject matter will be the same as regularly scheduled exams, the format and grading procedure may vary.

### **HONOR CODE:**

Mercer University subscribes to an Honor Code. Each student, by the virtue of registering for a course, pledges to strictly adhere to the Honor Code. Due to the fact that the Honor Code will be strictly enforced, all students are urged to familiarize themselves with the Code as explained in the University Catalogue. Violations of the Honor Code include, but not limited to, plagiarism, cheating, and deception, and untruthfulness.

### **CODE OF CONDUCT:**

The classroom is a learning ground that should provide opportunity for learning, interaction, and enhancement to all participants. As such, the class, all participants, and all class rules must be treated with utmost respect by all participants at all times. Total devotion to the learning process and consideration of others is among the fundamental requirements for the experience to be fruitful for all. It is expected that all participants at all times observe the normal code of conduct and refrain from engaging in disruptive and disrespectful behaviors. These codes include, but are not limited to: following all instructions precisely and thoroughly, maintaining the integrity of all works done during and for the class, active participation in the procedures, allowing all members to express themselves and seek solution to their concerns, keeping pagers/cell phones off or on silent mode during the class time, refraining from engaging in any unauthorized conversation with other class members, entering and leaving the class unnecessarily.

Disregarding these codes of conduct will have adverse effects on the violator's evaluation.

**DISABILITY STATEMENT:**

Students with a documented disability should inform the instructor at the close of the first class meeting. The instructor will refer you to the Dean's Office for consultation regarding evaluation, documentation of your disability, and recommendations for accommodation, if needed. To take full advantage of disability services, it is recommended that students make contact, immediately. The office is located at the first floor of the SSBE building.

**TOPICAL OUTLINE**

-Introduction and Background: Scope and Method of Economics, Basic Economic Relations, Economizing problem, Scarcity, Production Possibility Frontier, Choice, Opportunity Cost, and Marginal Analysis. Class notes (CN), and chapter 1.

-The Economic Environment of Business: Fundamentals of Demand and Supply, Market Mechanism, Public and Private Goods, Various Elasticities of Demand and Supply, Exchange and Efficiency, Price Control, Tax and Regulatory Analysis, Price Regulation Chapters 2, 4, and (CN). Problems number 2.13, 2.14, 4.11, and 4.13.

-Theory of Consumer Behavior, Utility and Utility maximization, Optimal Consumption Ratios. (CN).

-Production and Cost Analysis: Production Functions, Economy of Scale, Economy of Scope, Diminishing Marginal Productivity, Optimal Combination of Inputs, learning Curve, Explicit and Implicit Costs, Relevant Costs, Sunk Costs, Fixed and Variable Costs, Marginal Costs, Total and Average Costs, Private and

Social Costs, Short Run and Long Run Horizons, Factor Markets. Chapter 5 and (CN). Problems number 5.1, 5.2, 5.9, 5.14, 5.15, 5.16, and 5.17.

\*Required problems from the text and the “handout” will be assigned in class.\*

### **FIRST TEST**

-Market Structure: Perfect Competition, Monopolistic Competition, Oligopoly, Monopoly, Cartels, Collusion, Price Leadership, Analysis and Evaluation of Appropriate Strategies. Chapters 6, 7, and (CN). Problems number 6.4, 6.7, 6.11, 7.10, 7.11, 7.12, 7.13, and 7.14.

-Pricing Strategies, Consumer Surplus, Producer Surplus, Price Discrimination, Cost Plus Pricing, Peak Load Pricing, Transfer Pricing, Joint and Byproducts, Bundling and Framing. Chapter 8 and (CN). Problems number 8.10, 8.11, 8.12, 8.13, and 8.14.

-Market Efficiency, Market Failure, Externalities, Asymmetric Information, Monopoly Power, Public Goods, Regulations, and Consumer Protection. (CN).

-International and Macroeconomic Concepts for Managers. (CN) and chapter 14.

-Behavioral Economics, and Game Theory as Managerial Tools. (CN) and chapter 13.

\*Required problems from the text and the “handout” will be assigned in class.\*

### **Term Paper and Take-home test Due on April 21**

### **SECOND TEST**