

*"In great attempts, it is glorious even to fail".*

*Cassius*

*"Aim at the sun, and you may not reach it; but your arrow will fly far higher than if aimed at an object on a level with yourself."*

*Joel Hawes*

*"Convictions are more dangerous foes of truth than lies."*

*Nietzsche*

## **MERCER UNIVERSITY**

**Stetson School of Business and Economics**

**FALL 2004**

### **EXECUTIVE MASTER OF BUSINESS ADMINISTRATION PROGRAM**

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**EBA 601: MANAGERIAL ECONOMICS**

**Professor:** Dr. Reza Jalili

**OFFICE HOURS:** Wednesday 2:00- 6:00 p.m. or by appointments **Tel:** (678) 547-6325

**OFFICE LOCATION:** SSBE Room 206, Atlanta Campus **FAX:** (678) 547-6337

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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:**

*Microeconomics for Managers*, David Kreps, 1<sup>st</sup> Edition, 2004, W. W. Norton and Company. In addition, you are strongly encouraged to take usable class notes, and regularly consult business and economic publications.

#### **COURSE 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. The course, when appropriate, will substantially use the insights offered by Game Theory and Behavioral Economics.

#### **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.

#### **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 economic topic. Each team will comprise of three to four members. Each team will have a given total points (15 multiplied by the number of individuals in the team)

to distribute among the members. The distribution of the total points must be based on each individual's contribution to the project and should be agreed upon by all members in each team. The instructor will be the final arbiter of the project's grade distribution. The paper should be about twenty double spaced typed pages in length and it is due on the last class meeting. The research topic for the paper must be cleared with the instructor prior to commencement of any work on the project. The paper itself must follow one of the acceptable formats (e.g., APA style) and at must at least contain the followings:

- Cover page
- Table of content
- Statement of purpose
- Methodology, assumptions, and hypothesis
- Background
- Survey of the literature
- Discussion and analysis
- Conclusions and results
- Bibliography
- Search Domain with sources used highlighted
- Distribution of points 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.)

**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 or 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.

### **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.

### **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 chapters 1 and 3.

-Market System in Action: Demand and Demand Function, Supply, and Supply Function, Equilibrium Analysis, Elasticities of supply and Demand. (CN) and chapters 2 and 4. .

-Theory of Consumer Behavior, Utility and Utility maximization, Optimal Consumption Ratios. (CN) and chapter 5

-Production Theory and Analysis, Production Functions, Economy of Scale, Economy of Scope, Diminishing Marginal Productivity, Optimal Combination of Inputs, learning Curve. (CN) and chapter 9.

-Cost Theory and Analysis, 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. (CN) and chapter 8.

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

## **MID-TERM EXAM**

-Market Structures: Perfect Competition, Monopoly, Monopolistic Competition, and Oligopoly. (CN) and chapter 11.

-Pricing Strategies, Consumer Surplus, Producer Surplus, Price Discrimination, Cost Plus Pricing, Peak Load Pricing, Transfer Pricing, Joint and Byproducts, Bundling and Framing. (CN) and chapter 7.

-Market Efficiency, Market Failure, Externalities, Asymmetric Information, Monopoly Power, Public Goods, Regulations, and Consumer Protection. (CN) and chapters 12, 13 and 14.

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

-Behavioral Economics, and Game Theory as Managerial Tools. (CN) and chapters 18, 21, 22, and 23.

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

**Term Paper, and Take-home test due.**

**FINAL EXAM**