



BSP1005 Managerial Economics

AY 2015/16 Semester1 Syllabus

Section 1
Tuesday
12pm-2pm

Section 2
Wednesday
8am-10am

Section 3
Wednesday
10am-12pm

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Office Hours

2pm-3:30pm, Tuesdays and by appointment

COURSE DESCRIPTION

This course will introduce you to managerial economics, the application of microeconomic theory to decision making in a wide variety of managerial settings. It will provide you—(future) managers, entrepreneurs, analysts and consultants—with knowledge to help you allocate scarce resources and develop competitive strategies.

The goal of this course is to give students the competence to recognize the benefits and costs associated with business activities, as well as the constraints firms face in varying economic scenarios, in order to make the optimal choice to fulfill managerial objectives. By the time you have completed this course, you will have learned to:

1. thoroughly understand the function of market mechanisms and the interaction among economic agents;
2. understand how the interplay between cost and demand fundamentals shape the prices that prevail in a market;
3. identify the categories of costs that are relevant for critical business decisions such as pricing and market entry and exit; and
4. use several important game-theory based models to understand oligopoly markets.

To achieve these objectives, the course will cover topics including demand and supply analysis; consumer theory; production theory; perfect competition; market power and monopoly; oligopoly; and game theory.

TEXTBOOKS, READINGS AND HANDOUTS

Required: *Microeconomics* by David Besanko and Ronald Braeutigam, 5th Edition

Supplemental: *Managerial Economics* by Ivan Png, 4th Edition

Both textbooks should be available at the bookstore before the first class. E-text for *Microeconomics* is available for purchasing online (details will be posted on IVLE). You can also use earlier versions of the textbooks. The lecture slides will be available at IVLE before each class meeting. Additional reading materials and answers to homework questions will also be posted regularly. To maximize your success in the class, you should read the relevant textbook chapters and skim through the lecture slides before coming to class.

GRADING COMPONENTS AND GUIDELINES

Final grade is based on the following components:

1. Homework problem sets, 15%
2. Presentation, 25%
3. Final exam, 60%

Important:

For *homework problem sets*, there will be two sets of individual homework. Each student is required to prepare a typed or clearly handwritten answer to be submitted on the assignment's due date.

For the *presentation*, each group will be assigned a topic and do a 15-minute presentation in tutorial. The *presentation* will be assessed based on group work: This means that all members in a group will receive equal assessment for their aggregate work. All the group members should fully participate in the learning activities and contribute to the team's performance in good faith. More details will be provided in the class.

The final exam covers all the lecture materials throughout the course. **Note that no make-up exam is available for a missed exam.**

COURSE OUTLINE

Part I: Determination of Prices

1. Introduction
2. Demand and Supply
3. Utility Maximization and Consumer Theory
4. Cost Minimization and Producer Theory

Part II: Market Structure

5. Competitive Market
6. Market Power and Monopoly
7. Pricing with Market Power

Part III: Game Theory and Oligopoly

8. Simultaneous-Move Game and Cournot Model
9. Sequential-Move Game and Stackelberg Model

TENTATIVE SCHEDULE

Week	Lecture	Textbook Chapters	Tutorial Activities
Week 1 (10 Aug-14 Aug)	Introduction	Ch 1	No Tutorials
Week 2 (17 Aug-21 Aug)	Demand and Supply Elasticity	Ch 2.1-2.4, 9.1	No Tutorials
Week 3 (24 Aug-28 Aug)	Consumer Theory	Ch 3, 4.1-4.2, 5.1,5.3,5.4	Tutorials Begin
Week 4 (31 Aug-4 Sep)	Cost and Supply	Ch 6.1-6.4, 7, 8.1-8.2	
Week 5 (7 Sep- 11 Sep)	Profit Maximization	Ch 9.1-9.4	Homework 1 Due
Week 6 (14 Sep-18 Sep)	Competitive Market	Ch 10.1-10.2	
Recess Week (19 Sep-27 Sep)			
Week 7 (28 Sep- 2 Oct)	Market Power	Ch 11.1-11.6	Presentation
Week 8 (5 Oct- 9 Oct)	Pricing with Market Power	Ch 12.1-12.5	Presentation
Week 9 (12 Oct- 16 Oct)	Game Theory Fundamentals	Ch 14.1	
Week 10 (19 Oct- 23 Oct)	Simultaneous-Move Game & Cournot	Ch 13.2, 14.2	
Week 11 (26 Oct- 30 Nov)	Sequential-Move Game & Stackelberg	Ch 13.2, 14.3	Homework 2 Due
Week 12 (2 Nov- 6 Nov)	TBA		
Week 13 (9 Nov- 13 Nov)	TBA		
Reading Week (14 Nov-20 Nov)			

ACADEMIC HONESTY & PLAGIARISM

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism: <http://emodule.nus.edu.sg/ac/>