ECON 5315.W01: Managerial Economics
EXTENDED Summer 2012: Class dates June 4 through July 24
Marilyn K. Spencer, Ph.D.

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VIRTUAL Office Hours Exclusively for This Class: TBA
On-site Office Hours through July 5 only: MW: 4-5 p.m., and TR: 1-2 p.m.; and available by appointment

I will read posts and answer questions almost every day. However, do not expect me to be available on Sundays.

Course Description
A graduate-level course in managerial microeconomics focusing on the use of economic tools and concepts to assist managers in decision-making. Topics may include market demand and elasticity, demand estimation, production and cost functions, marginal analysis under various forms of market structure and game theory.

Prerequisite: ECON 5311 or equivalent

Learning Objectives
By the end of this course, the students will be able to:

1. Integrate the analysis of the horizontal and vertical boundaries that a firm faces with the effect that those boundaries have on firm performance and industry competition.

2. From the firm’s management perspective, effectively identify the market structure that the firm competes in and its primary and secondary competitors.

3. Integrate the use of marginal analysis into the managerial decision-making process.

Note: You may instead purchase and use any previous edition of this text AT YOUR OWN RISK.

Additional texts on reserve in the Bell Library on the TAMU-CC campus:


Additional texts will be placed on e-reserve in the Bell Library.
MAJOR COURSE REQUIREMENTS

<table>
<thead>
<tr>
<th>Points of Course Components Used for Calculating Grade</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm Exam: 60 points, scheduled for Sunday evening, June 26</td>
<td>60</td>
</tr>
<tr>
<td>Homework, due before midnight each Sunday (11 chapters, 10 points each)</td>
<td>110</td>
</tr>
<tr>
<td>Chapter Discussions, due before midnight each Sunday (11 chapter discussions, 20 points each)</td>
<td>220</td>
</tr>
<tr>
<td>Case Study and associated Confidential Reports: Sunday, July 15</td>
<td>100</td>
</tr>
<tr>
<td>Presentations and associated Confidential Reports: Tuesday, July 17</td>
<td>30</td>
</tr>
<tr>
<td>End-of-course project discussions, starting July 18, ending July 24</td>
<td>20</td>
</tr>
<tr>
<td>Comprehensive Final Exam: Sunday evening, July 22</td>
<td>60</td>
</tr>
<tr>
<td>TOTAL**</td>
<td>600</td>
</tr>
</tbody>
</table>

* Any changes in these dates will be announced in advance.

End-of-course grades will be assigned based on the student’s total score from all of the elements above. Please note that the student’s performance, not the instructor, determines the course grade.

COURSE POLICIES

Participation: Students are responsible for active class participation and are advised that lack of participation will adversely affect their grades.

Students are responsible for all assignments due, including meaningful contributions to discussion – contributions that enhance critical thinking and problem solving in the discussion. You will find the rubric used to grade your discussion entries in the Edelstein and Edwards article, available to you at http://www.westga.edu/~distance/ojdla/spring51/edelstein51.pdf. You need to read this article early during the 1st week of class, especially focusing on pp. 3-5.

Assignments, assessments and other course requirements missed cannot be made up except in extraordinary and documented circumstances.

Academic Integrity/Plagiarism: University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, falsification, forgery, complicity or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in a score of zero for that portion of the course. For further reference, consult the Student Code of Conduct and the College of Business Student Code of Ethics.

This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB. Your written work will be checked for academic honesty in appropriately attributing your sources through the use of www.turnitin.com.

Performance Evaluation and Grading: Throughout the semester, students will have a number of "opportunities to perform" and to accumulate points towards a maximum of 500 points. These "opportunities to perform" include a midterm exam, meaningful contributions to discussions, homework, quizzes for extra credit, a research project and a final exam.
Group work:

Dr. Spencer will randomly assign students to discussion groups; each of these groups will include no more than 10 students, as well as Dr. Spencer.

To access articles that will be used as the basis for several discussions, go to the Bell Library’s website, http://rattler.tamucc.edu/, click on the “Find” tab to scroll down to “Course Reserves.” Click on that tab to reach the next page and click on “Instructor.” In the blank space on the next page, type in “spencer.” On the following page, click on the article you wish to read. When asked for the course password, type in “spencer2012summer.” Then you will have access to the article.

You will also be randomly assigned to research groups to complete the case study; each of these groups will include no more than 5 students, as well as Dr. Spencer.

Dropping a Class: I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop, to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by either (1) going to the Student Services Center and filling out a course drop form, or (2) faxing a completed form and a copy of your photo ID to the Office of the Registrar, 361-825-5887. Forms are available online at http://registrar.tamucc.edu/forms.html.

Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class.

Preferred method of scholarly citations: APA style

Professional behavior: Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. This prohibition applies to all instructional forums, including classrooms, electronic classrooms, labs, discussion groups, field trips, etc.

Everyone in this class is expected to treat everyone else in this class with respect.

Grade Appeals*: As stated in University Rule 13.02.99.C2, Student Grade Appeals, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Rule 13.02.99.C2, Student Grade Appeals, and University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Office of Student Affairs.

Disabilities Accommodations*: The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Driftwood 101.
If you are a returning veteran and are experiencing cognitive and/or physical access issues, please contact the Disability Services office for assistance at (361) 825-5816.

*Required by SACS

**Relationship to Other Coursework:**
This course is designed specifically for those students who have completed their principles of economics courses and are ready to learn more about the application of economic principles in the context of managerial decision-making in some of the functional areas of business such as marketing, finance, production, etc.

**COURSE METHODOLOGY**

**Instructional Methodology:**
The class will be interactive. A variety of learning methodologies will be used, such as discussions, team case studies, presentations, audio-videos, homework and quizzes.

**Communication Content:**
Class quizzes, presentations, graded homework, discussions, a written report on a special topic, as well as major examinations will provide an opportunity for evaluating each student’s performance in communications.

**Discussions:** You will engage in one or two discussion forums per week. Each of 13 discussions will contribute 8 points toward 104 points maximum. The rubric used to grade your discussion entries is found in Edelstein and Edwards, [http://www.westga.edu/~distance/ojgla/spring51/edelstein51.pdf](http://www.westga.edu/~distance/ojgla/spring51/edelstein51.pdf), starting at the bottom of p. 3. That scale has a maximum of 16 points; half of that, 8 points, is the maximum score you will earn from each discussion forum toward your discussion grade.

To access articles that will be used as the basis for several discussions, you may use this pathway: Go to the Bell Library’s website, [http://rattler.tamucc.edu/](http://rattler.tamucc.edu/), click on the “Find” tab to scroll down to “Course Reserves.” Click on that tab to reach the next page and click on “Instructor.” In the blank space on the next page, type in “spencer.” On the following page, click on the article you wish to read. When asked for the course password, type in “spencer2012summer.” Then you will have access to the article; scroll down to page 3 to begin reading.

**Technology Applications:**
Reports and presentations will be computer generated and written in a clear and concise manner. Students are expected to develop computer skills and to use the Internet and the library’s databases for research.

**Homework, extra credit and participation**

**Homework** questions will address major concepts from every Besanko, et al., chapter assigned; it is for the benefit of the students and **will be submitted for a grade before midnight SUNDAY, the last day of the course week**. The purpose this homework will be for you to understand and apply one or more of the theoretical concepts being presented. You may work with fellow students in this ECON 5315.W01 class to arrive at answers to homework questions. But you should not plagiarize each other’s answers; put your answers into your own words! **Expect to need to know and use concepts from homework assignments on quizzes and exams.**

**Extra credit** can take several forms, including quizzes, opportunities to analyze business practices reported in the news, analysis of real and fictional company actions in movies, and other opportunities that may arise. Extra credit opportunities are each worth 5 points.

**Active participation is expected on a regular basis.**
Exams

One midterm exam will be given during the semester, on **Sunday, June 24**.

Your **final exam** is scheduled for **Sunday, July 22**.

*You will have a 6-hour time period from the time a test is posted – at 6 p.m. - to take the test. During that 6-hour period, once you have started an exam, you will have a 2-hour period to complete it.*

Exams must be taken on the dates scheduled. The first exam will test student knowledge of the material assigned in that section of the course. The second exam will be comprehensive, including some of the material previously tested, along with new material since the first exam.

These exams will require you to apply concepts learned during the course to real situations. In advance of each exam, will provide news articles concerning companies and industries, and you will explain how the concepts are relevant for analyzing the situations presented in those articles, and may be responsible for making recommendations.

Copying or use of additional unauthorized materials during exams carries a penalty equal to 100% of the exam's value. **NO GROUP OPTION IS AVAILABLE FOR EXAMS; EXAMS MUST BE COMPLETED INDIVIDUALLY.**

Additional rules for all exams:

1. All electronics – calculators, cell phones, tablets, etc., are be turned off and put away.
2. You are to complete the exam in the time allotted.
3. You are not to use the text, previous homework, quizzes, tests, or the help of anyone or other resources while taking exams.
4. Show all work.

The student must communicate the need to miss an exam to the professor before the test.

**CASE STUDY**

You will work as part of a team of 4 to 5 members – who will be randomly selected by Dr. Spencer – to complete this project. Your team will write a report and give a presentation on a firm that has designed and markets one of the more advanced interactive video game platform in its submarket – focusing ONLY on the particular interactive video game product design, production and/or marketing. Your team will decide upon the firm/product you will study from the list below (unless you know of a new product not listed), with each team selecting a different firm. If two teams select the same firm, the team that made the request first will be granted that choice:

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Interactive Game</th>
</tr>
</thead>
<tbody>
<tr>
<td>LeapFrog Enterprises</td>
<td>Leapster</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Kinect</td>
</tr>
<tr>
<td>Nintendo</td>
<td>Wii</td>
</tr>
<tr>
<td>Sony</td>
<td>PlayStation Vita</td>
</tr>
<tr>
<td>VTech</td>
<td>V.Smile</td>
</tr>
</tbody>
</table>
In order to complete this assignment, you will research online and printed materials on the firm – from the firm itself and from numerous additional sources. You might also consider emails and interviews. The Bell Library has developed an Academic Support & Library Guide for online students. This provides another pathway to access the library: http://tamucc.libguides.com/academicsupport.

All case study communications that are not held face-to-face should take place in a Group Discussion space set up for this purpose only. Dr. Spencer will monitor your postings to be able to comment if your team seems to need additional guidance.

Case Study Written Report

- You will start by defining and analyzing:
  
  A. The industry,
  
  B. The structure of the industry, and
  
  C. Your firm’s corporate culture.

- With that foundation, you will examine:
  
  D. The threats described in the Five Forces model that the company faces from:
     
     1. industry competitors,
     
     2. potential entrants into the industry,
     
     3. substitute goods or services,
     
     4. the bargaining power of suppliers, and
     
     5. the bargaining power of buyers.

  E. The firm’s “co-opetition/value net” (see Brandenburger and Nalebuff, and/or Besanko’s Chapter 12)

  F. The firm’s strategic moves that help to sustain its competitive advantage (Besanko’s Chapters 13 and 14)

- With this information above, you will examine these aspects of your firm:

  G. Demand

  H. Costs

  I. Strategic positioning in this market

- Finally,

  J. Your team will explain and recommend strategies the firm might choose to use; explain why, or why not, you recommend the firm’s current moves/strategies; and/or why you recommend other/additional strategies.
Your team will write a paper that adequately describes (A) through (J) above – after starting with a brief introduction. As a team, you will write a paper that adequately describes (A) through (J) above. You will create a brief presentation of your findings and recommendations in a maximum of 15 slides. Create this presentation as if you were managers of this division, giving a report to annual stockholders meeting or a meeting of the board of directors.

In order to complete this assignment, you will research online and printed materials on the firm – from the firm itself and from numerous additional sources. In some cases, you might consider emails and interviews. **It is your (your team’s) responsibility to check for and eliminate any and all plagiarism** before sending in the case study. You will receive information in class on how to put your paper through turnitin.com. That turnitin.com report will alert you to any plagiarism issues. It is strongly recommended that you place your “final” draft through turnitin.com at least two weeks before it is due. If you are not confident about what the turnitin.com report is telling you, it is your responsibility to find out. Dr. Spencer will be happy to go over the turnitin.com report with you before the deadline for emailing your report. *You may wish to take the Plagiarism Tutorial provided in the “Getting Started” module.*

If your report contains ANY evidence of plagiarism when it is emailed to Dr. Spencer, the maximum score the case study might earn will be 50 points, NOT 100 points; Dr. Spencer reserves the right to award a score of zero (-0-) on the paper as a result of evidence of gross plagiarism.

The case study final reports are due VIA EMAIL to marilyn.spencer@tamucc.edu, by midnight, Sunday, July 15.

**CONFIDENTIAL REPORT on the written case study report:**

In addition to your report, each team member must also complete a CONFIDENTIAL REPORT concerning the work accomplished on this report: Each partner must separately email, to marilyn.spencer@tamucc.edu, a confidentially submitted report, in which you give your name and those of your partners, along with paragraphs that detail the contributions of all members of the group - including yourself - describing the work contributed by each member and proportion (and/or percentage) of the total work completed by each team member. The term "confidential" means that only you and I will see this report; you will not share any portion of it with your team members. These reports are due by midnight, Sunday, July 15.

**WARNING 1:** Email does not always work as expected. For your protection, send any email at least twice.

**WARNING 2:** The names of all team members must be at the top of the electronic report the team will send in by the July 15 deadline. I will know the paper comes from you by seeing your names at the top of the cover sheet - NOT by the email address from which it is sent, and NOT by names on the transmitting email.
Case Study Presentation

You will create a brief presentation of your findings and recommendations in a maximum of 15 slides. Create this presentation as if you were managers of this division, giving a report to annual stockholders meeting or a meeting of the board of directors.

CONFIDENTIAL REPORT on the presentation:

In addition to your presentation, each team member must also complete a CONFIDENTIAL REPORT concerning the work accomplished on this presentation: Each team member must separately email, to marilyn.spencer@tamucc.edu, a confidentially submitted report, in which you give your name and those of your partners, along with statements that detail the contributions of all members of the group - including yourself - describing the work contributed by each member and proportion (and/or percentage) of the total work completed by each team member. The term “confidential” means that only you and I will see this report; you will not share any portion of it with your team members. These reports are due by midnight, Tuesday, July 17.

WARNING 1: Email does not always work as expected. For your protection, send any email at least twice.

WARNING 2: The names of all team members must be on the first (title) slide the team will send in by the July 17 deadline. I will know the presentation comes from your team members by seeing your names on the Title Slide - NOT by the email address from which it is sent, and NOT by names on the transmitting email.

Timeline for Case Study:

- **By June 11**: Teams are randomly selected.
- **During the week of June 25**: All members of your team will have a “chat” meeting with Dr. Spencer at some mutually agreed upon day/time, to report on (1) the progress your team has made thus far, and (2) your current strategy for completing project.
- **By July 15**:
  - One member of your team emails your final report.
  - Each team member individually emails her/his confidential report.

Case study written reports will be scored as follows:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final report fulfilled the assignment:</td>
<td>70</td>
</tr>
<tr>
<td>• How well the team/individual analyzed the case</td>
<td>35</td>
</tr>
<tr>
<td>• How well the team/individual used appropriate definitions/concepts/theory</td>
<td>35</td>
</tr>
<tr>
<td>Writing mechanics of final report:</td>
<td>20</td>
</tr>
<tr>
<td>• Team &amp; individual’s relevant writing of appropriate length</td>
<td>10</td>
</tr>
<tr>
<td>• Clarity and correct formatting of writing</td>
<td>10</td>
</tr>
<tr>
<td><strong>Confidential contributions report, emailed in separately by each partner</strong></td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
</tbody>
</table>
• **By July 17:**
  
  o All teams will have submitted their presentations. Prepare this slide show as if you are giving this presentation to an annual stockholders meeting or a meeting of the board of directors, and you have been given only 15 slides to convince the stockholders or board of directors to adopt your recommended strategies.

  o Each team member individually emails her/his confidential report.

**Presentations will be scored as follows:**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points Possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Appropriate information presented</td>
<td>20</td>
</tr>
<tr>
<td>• Presented competently and persuasively, within the allotted 15 slides</td>
<td>10</td>
</tr>
<tr>
<td>Confidential contributions report, emailed in separately by each partner</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
</tr>
</tbody>
</table>

**End-of-course Grades** will be assigned based on each student’s total score from all of the graded elements described above as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points Range</th>
<th>Percentage Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>540+ points</td>
<td>(90+%)</td>
</tr>
<tr>
<td>B</td>
<td>480-539 points</td>
<td>(80-89%)</td>
</tr>
<tr>
<td>C</td>
<td>420-479 points</td>
<td>(70-79%)</td>
</tr>
<tr>
<td>D</td>
<td>360-419 points</td>
<td>(60-69%)</td>
</tr>
<tr>
<td>F</td>
<td>&lt; 360 points</td>
<td>(&lt; 60%)</td>
</tr>
</tbody>
</table>

**Note 1:** A missed exam without prior approval will be recorded as a zero. However, with prior approval, the student may have the comprehensive final exam count double to make up for the missed midterm exam.

**Note 2:** Other than the credit explained above, a student will not be allowed to do any additional work to improve her or his grade.
Dr. Spencer will post Chapter Notes for each of the chapters assigned (see the page below). These notes are provided to: (1) give you a framework – an outline – for examining, organizing and remembering the concepts in the chapters, and (2) supplement explanations and examples in the chapters. You may wish to read the posted Chapter Notes before beginning your reading of the chapter.

The date in the left column in the table below is the beginning date for the week. Your assignments, discussions and other activities for that week should be completed before midnight the following Sunday.

<table>
<thead>
<tr>
<th>Monday of the week* of the discussion, other activity, assignment and/or assessment</th>
<th>Readings: One or more chapters in our textbook and one or more news articles that illustrates one or more of the major concepts in each chapter are to be read BEFORE the date indicated in the column to the left. Within each learning module you will find one or more news articles assigned along with each chapter. Students will consult other texts as appropriate &amp; as assigned during the course – including but not limited to e-reserve articles that will be discussed.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Week 1, starting June 4</strong></td>
<td>Introduction to Managerial Economics and navigating its pages Besanko’s Chapter 1: Basic Microeconomics Principles <em>(should be review of microeconomic concepts already learned)</em> Besanko’s Chapter 2: Economies of Scale &amp; Scope</td>
</tr>
<tr>
<td><strong>Week 2, starting June 11</strong></td>
<td>Besanko’s Chapter 3: Agency &amp; Coordination Besanko’s Chapter 5: The Vertical Boundaries of the Firm</td>
</tr>
<tr>
<td><strong>Week 3, starting June 18</strong></td>
<td>Besanko’s Chapter 8: Competitors &amp; Competition Besanko’s Chapter 9 (abridged): Strategic Commitment – <em>these pages only: 238 through 246 &amp; [bottom of] 251 through 260</em> <strong>Exam 1, June 26: Chapters 1, 2, 3, 5, 8 and 9 (abridged)</strong></td>
</tr>
<tr>
<td><strong>Week 4, starting June 25</strong></td>
<td>Besanko’s Chapter 10: The Dynamics of Pricing Rivalry Besanko’s Chapter 11: Entry &amp; Exit</td>
</tr>
<tr>
<td><strong>Week 5, starting July 2</strong></td>
<td>Besanko’s Chapter 12: Industry Analysis Besanko’s Chapter 13: Strategic Positioning for Competitive Advantage And, on e-reserve, “Thinking Strategically.”</td>
</tr>
<tr>
<td><strong>July 5</strong></td>
<td><em>Last day to drop a course with an automatic grade of “W”</em></td>
</tr>
<tr>
<td><strong>Week 6, starting July 9</strong></td>
<td>Besanko’s Chapter 14: Sustaining Competitive Advantage Case study reports and confidential reports are to be submitted to Dr. Spencer by midnight, Sunday, July 15.</td>
</tr>
<tr>
<td><strong>Week 7, starting July 16</strong></td>
<td>Case study presentations and confidential reports are to be submitted to Dr. Spencer by midnight, Sunday, July 17. Class-wide discussions of project presentations. Discussion ends midnight, July 24.</td>
</tr>
<tr>
<td><strong>July 22</strong></td>
<td><strong>Comprehensive Final Exam, but focusing on Chapters 10-14</strong></td>
</tr>
</tbody>
</table>

*Students are able to work on the course at times that are best suited to their schedules. The assignments are identified by week rather than for a specific date. You should look at each week’s assignments and plan to complete them on a timely basis during the week of the assignment. Make every effort to stay current with the assignments. Like all courses, if you get behind it is difficult or even impossible to catch up.*