**ECON 5315.001: Managerial Economics**  
**Fall 2012**  
Marilyn K. Spencer, Ph.D.

**Class meeting time:** M, 7:00 – 9:30 p.m.  
**Office:** OCNR 323  
**Office Hours:** M, 3:15-5:15 & 9:30-10 p.m.; W, 3:15-5:15 p.m.; and available by appointment  
**E-Mail:** marilyn.spencer@tamucc.edu  
**Office Telephone:** 361-825-5802

**Class location:** OCNR 133

**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.

**ISBN** 978-0-470-37360-6  
**Note:** You may instead purchase and use any previous edition of this text AT YOUR OWN RISK.

**Additional texts, useful for writing your paper, on reserve in the library:**


**Additional texts, mostly news articles, 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>
</tr>
</thead>
<tbody>
<tr>
<td>TWO Midterm Exams: 100 points, TENTATIVELY scheduled for October 1* &amp; November 5*</td>
</tr>
<tr>
<td>Graded homework, due before class on the following Monday - after the chapter was presented in class</td>
</tr>
<tr>
<td>Case Study, Confidential Reports and Presentations: Monday, November 26</td>
</tr>
<tr>
<td>Comprehensive Final Exam: Monday, December 10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
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</table>

* The exam dates are subject to change, depending on the progress students are making toward comprehending the course material. Any changes in these dates will be announced in class.
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.*

**Website** that coordinates with this course: Blackboard (Bb) 9.1.

### COURSE POLICIES

**Attendance:** Students are responsible for class attendance and are advised that absences are likely to adversely affect their grades. *Students absent from classes are responsible for assignments due, materials discussed in class, and class announcements - including but not limited to any changes in midterm exam dates.* Assignments, tests and other course requirements missed due to absences 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](http://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.

**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 two midterm exams, quizzes, a research project and a final exam.

**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 going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class. *March 30 is the last day to drop a class with an automatic grade of “W” this term.*

**Preferred method of scholarly citations:** APA style

**Classroom/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, classroom 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. Students engaging in unacceptable behavior may be instructed to leave the classroom. 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. Examples of classroom misconduct that may affect student evaluation include: habitually entering or leaving the classroom during class time without the consent of the instructor, using any telecommunication device, talking or chit-chatting with other students, and any other activities that are disruptive to the learning environment. Students caught engaging in such activities should expect class or course dismissal along with a letter of reprimand placed in their academic files.
**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](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 in the classroom or on campus, 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 class participation, discussions, team activities, class presentations, audio-videos, outside speakers and quizzes.

**Oral and Written Communication Content:**

Class quizzes, presentations, graded homework, in-class discussions, a written report on a special topic, as well as major examinations will provide an opportunity for evaluating each student’s performance in oral and written communications.

**In-class discussions:** To access articles that will be discussed in class, 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.” If/when asked for the course password, type in “spencer2012fall.”

**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. Students may use computers in class for note taking and presentations.

**Homework, extra credit and participation**

**Homework** is likely to be assigned for every chapter assigned in Besanko, et al., throughout the semester; it is for the benefit of the students. Homework is to be attempted and turned in before the beginning of the next class. The purpose of this homework will be for you to LEARN TO **apply** one or more of the theoretical concepts being presented.
Extra credit can take several forms, including in-class and Bb quizzes, opportunities to analyze business practices reported in the news, analysis of real and fictional company actions, and opportunities that may arise to participate in campus and community activities. Extra credit opportunities are each worth 5 points.

The purpose of a quiz given at the beginning of the session is to assess student knowledge of the assigned reading for that session. The purpose of mid- or end-of-class/after-class quizzes is to assess student comprehension and attentiveness during that session.

Active participation is expected on a regular basis.

Exams

Two midterm exams will be given during the semester. Tentative dates are scheduled as October 1 and November 5; the exact dates will be announced at least one week in advance. The comprehensive final exam will be given on Monday, December 10, at 7:15 p.m.

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.

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.

CASE STUDY

You will work with a team of 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 one of the US firms listed below, operating in the passenger airline industry. Your team will select a company to research from the list I have provided, below - unless you successfully petition to research a company that is not listed that also operates in this industry:

Passenger Airlines in the US:

1. Alaska Airlines
2. Allegiant Air
3. American Airlines
4. Delta Airlines
5. JetBlue Airways
6. Southwest Airlines
7. Spirit Airlines
8. United Airlines
9. US Airways
10. Virgin America
11. West Air
12. Other? ____________________
You will start by:
   A. Defining the industry
   B. Analyzing the structure of the industry
   C. Explaining your firm’s corporate culture

With that foundation, you will examine the following:
   D. The threats described in the Five Forces model (see Besanko’s Chapter 12 and Porter) that the company faces from:
      1. Industry competitors
      2. Potential entrants into the industry
      3. Substitute and complement goods or services
      4. Bargaining power of suppliers
      5. 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. You will give a presentation of your findings and recommendations to the class, within 15 minutes. Present as if you were managers, 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. You might consider emails and interviews.

It is your (your team’s) responsibility to check for and eliminate any and all plagiarism before electronically 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 on Dr. Spencer’s home page, faculty.tamucc.edu/mspencer.

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.

CONFIDENTIAL REPORT:
In addition to your presentation and paper, each team member must also complete a CONFIDENTIAL REPORT, using the rubric provided on the next page, but filling in details: 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 the contributions of all of your team members – to explain/describe 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 BEFORE the beginning of class, November 26.

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**Confidential Report Rubric**

Person Making Report ___________________ Person about Whom Report is Written ___________________

<table>
<thead>
<tr>
<th>CATEGORY/POINTS</th>
<th>2</th>
<th>1.5</th>
<th>1</th>
<th>0.5</th>
<th>POINTS</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completes tasks on time</td>
<td>Completes on time all (100-95%) the time.</td>
<td>Completes on time most (94-85%) the time.</td>
<td>Completes on time and distinctly more than half (84-70%) of the time.</td>
<td>Often cannot be counted on to complete on time.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expresses thoughts clearly</td>
<td>Expresses thoughts clearly and distinctly all (100-95%) the time.</td>
<td>Expresses thoughts clearly and distinctly most (94-80%) the time.</td>
<td>Expresses thoughts clearly and distinctly more than half (80-65%) of the time.</td>
<td>Cannot be understood much of the time.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is available for pre-arranged meetings, chats and other communications</td>
<td>Available all (100%) of the time.</td>
<td>Available most (99-90%) of the time.</td>
<td>Available some (89-75%) of the time.</td>
<td>Less than 75% available.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaboration with Peers</td>
<td>Almost always pays attention to, shares with, and supports the efforts of others in the group. Tries to keep people working well together.</td>
<td>Usually pays attention to, shares with, and supports the efforts of others in the group. Does not cause &quot;waves!&quot; in the group.</td>
<td>Often pays attention to, shares with, and supports the efforts of others in the group, but sometimes is not a good team member.</td>
<td>Rarely pays attention to, shares with, and supports the efforts of others in the group. Often is not a good team member.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takes a leadership role in completing some part of case study task</td>
<td>Has acted as leader throughout this project.</td>
<td>Has sometimes led a portion of this project.</td>
<td>Has sometimes led a portion of this project but sometimes is not a good team leader.</td>
<td>Has not led in any of this project's tasks.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

Additional remarks:

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**WARNING:** You must wear appropriate attire for your presentation.

**WARNING:** The names of all team members must be at the top of the electronic report the team will send in by the April 23 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.
Timeline for Case Study:

- **By the beginning of class, September 17:** The team will have selected a company to research. One member sends a confirmation email with team member names to Dr. Spencer.

- **During the week of October 14:** All members of your team will have a 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 the beginning of class, November 26:**
  - Individual/One member of your team emails your final report to Dr. Spencer.
  - Each team member individually emails her/his confidential report to Dr. Spencer.
  - All are prepared to give presentations. Prepare for and dress 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 minutes** to convince the stockholders or board of directors to adopt your recommended strategies. Because of this very short time allotment, assume they know some of the background information in your written report.

The case study (1) **final reports** and (2) **confidential reports** are due **BEFORE** the beginning of class, **November 26**.

**Case studies 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>10</td>
</tr>
<tr>
<td>- Team &amp; individual’s relevant writing of appropriate length</td>
<td>5</td>
</tr>
<tr>
<td>- Clarity and correct formatting of writing</td>
<td>5</td>
</tr>
<tr>
<td>Presentation:</td>
<td>10</td>
</tr>
<tr>
<td>- Appropriate information presented – group/individual</td>
<td>5</td>
</tr>
<tr>
<td>- Presented competently, within the allotted time</td>
<td>5</td>
</tr>
<tr>
<td><strong>Confidential contributions report, submitted by each team member individually</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100</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</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: 450+ points</td>
<td>(90+%  )</td>
</tr>
<tr>
<td>B: 400-449 points</td>
<td>(80-89%)</td>
</tr>
<tr>
<td>C: 350-399 points</td>
<td>(70-79%)</td>
</tr>
<tr>
<td>D: 300-349 points</td>
<td>(60-69%)</td>
</tr>
<tr>
<td>F: &lt; 300 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.
The reading assignments and the **tentative** dates for exams 1 & 2 are provided below.*

| Class meeting date, for start of assignment | Besanko, et al. chapters: Chapters and Dr. Spencer's Chapter Notes are to be read **BEFORE** CLASS on the date indicated:  
*Students will consult other texts as appropriate & as assigned during the course – including but not limited to articles to be discussed during class.*  
**Homework** for each chapter will be due before class begins on the Monday following the class that focuses on that chapter. |
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>August 27</td>
<td><strong>Homework</strong> for each chapter will be due before class begins on the Monday following the class that focuses on that chapter.</td>
</tr>
</tbody>
</table>
| September 10                                | Introduction to course & Besanko’s Chapter 1: Basic Microeconomics Principles *(review)*  
*Before our 1st class, read Chapter 1 in the Besanko text.* |
| September 17                                | Besanko’s Chapter 2: Economies of Scale & Scope |
| September 24                                | Besanko’s Chapter 3: Agency & Coordination |
| **October 1**                               | **Exam 1: Chapters 1, 2, 3 & 5** |
| October 8                                   | Besanko’s Chapter 8: Competitors & Competition: **Do NOT need to learn the Cournot or Bertrand models** |
| October 15                                  | Besanko’s Chapter 9: Strategic Commitment – **these pages only**: 238 through 246 & [bottom of] 251 through 260 |
| October 22                                  | Besanko’s Chapter 10: The Dynamics of Pricing Rivalry |
| October 29                                  | Besanko’s Chapter 11: Entry & Exit |
| **November 2**                              | **Last day to drop a course with an automatic grade of "W"** |
| November 5                                  | **Exam 2: Chapters 8, 9, 10 & 11** |
| November 12                                 | Besanko’s Chapter 12: Industry Analysis |
| November 19                                 | Besanko’s Chapter 13: Strategic Positioning for Competitive Advantage  
*and the handout, “Thinking Strategically.”* |
| November 26                                 | Besanko’s Chapter 14: Sustaining Competitive Advantage |
| **November 26**                             | Case studies and confidential reports emailed to Dr. Spencer before class. |
| November 26 & December 3                    | Case study reports – approximately 15 minutes in length |
| December 10, 7:15 p.m.                      | **Comprehensive Final Exam, but focusing on Chapters 12, 13 & 14** |

*Any changes to our schedule will be announced in class. **It is the student's responsibility to come to class to be informed of any schedule changes.**