

# **MANAGERIAL ECONOMICS ECONOMCS 308: FALL 2014**

## **ADMINISTRATIVE DETAILS**

**GMU CODE:** Economics 308 [Sec 2]  
**TIME:** Thursdays, 7:20-10:00 P.M.  
**PLACE:** Robinson B-228  
**INSTRUCTOR:** William (Bill) McNaught  
**EMAIL:** [wmcnaugh@gmu.edu](mailto:wmcnaugh@gmu.edu) or [WMcNaught@comcast.net](mailto:WMcNaught@comcast.net)  
**PHONES:** (H) 703-820-9776; (C) 703-209-2032

## **OBJECTIVE**

Students will learn:

- more micro-economic theory;
- how markets adapt when competition is lacking; and
- how to apply the micro-economic theory they already know to practical business problems.

## **MATERIALS**

**TEXT:** [BDSS] D. Besanko, D. Dranove, M. Shanley, and S. Schaefer, *Economics of Strategy, 6<sup>th</sup> Edition*, available in the GMU bookstore (1996 edition on reserve at the Johnson Center library)

## **COURSE POLICIES**

The instructor will assume that all students have completed at least an intermediate course in micro-economics, probably GMU's Econ 306, but possibly a comparable course at another university. If a student has not, he/she should notify the instructor.

Students are free to bring snacks and drinks to class if they ensure their areas are cleared of debris upon leaving. Because most students work and parking at GMU can be frustrating (even for professors), occasionally students may arrive late to class. If late, they should enter unobtrusively. If the instructor will be late, he will contact one class member by phone to provide all students with an ETA.

Most days the class will be organized around a single chapter's reading in the text. The instructor will list the important concepts and terms from that chapter on the board and focus the day's discussion on those concepts and terms. Occasionally, the instructor may present a short review of basic micro-economic theory underlying the concepts to be introduced in that lesson. Students may find it useful to have at least scanned the chapter to be discussed that day before class. (The instructor appreciates how busy students are attempting to balance work, study and hopefully a social life so will not require pre-reading.) Students are advised the instructor is teaching a second session of this course on

Tuesdays and Thursdays at noon (Robinson B-111.) Students may find it convenient to occasionally attend those sessions which roughly cover Thursday's assignment in two days.

The instructor hopes to be able to post copies of each session's lecture notes to Blackboard shortly after the lecture is delivered. The instructor will not hold scheduled office hours. However students may schedule sessions with him if they need extra clarification of the material being covered.

## **GRADES**

Grades will be determined through two graded exams, two quizzes and a short paper. The exams will combine multiple-choice questions, matching of terms and definitions and two short answer problems. Matching and multiple-choice questions will test students' knowledge of key economic terms mentioned in the readings and lectures. Each short answer problem will ask students to use material covered in the course to solve a business problem. Students will write their answers on the exam itself and do not need to bring blue books. Each exam will count 25 points toward the final course grade.

The quizzes will consist of matching and multiple-choice questions. There will be 11 questions in all on each quiz and each quiz will count 10 points in the final grade, i.e., each quiz will have one point of extra credit.

The instructor will post a study guide to Blackboard two weeks days prior to each exam, e.g., the study guide for the mid-term will be posted to Blackboard by October 2<sup>nd</sup>, and one week prior to each quiz.

The paper should be from 4 to 5 pages (double-spaced). The topic for the paper will be distributed to students prior to September 18<sup>th</sup>. The paper is due on the last regular lecture before the final exam (December 4<sup>th</sup>.) Generally students email papers to the instructor, but students may merely bring a hard copy to class on December 4<sup>th</sup>. Students may email the instructor a *short (no more than 2-3 paragraphs)* summary of their paper for comment before writing their final version. The paper is worth 30 points.

Students should view the paper as a chance to use the economic theory they have learned in the course to explain a common business problem. References to the textbook are highly encouraged. If a student wishes to tackle a business problem different from the one proposed by the instructor, he/she should get the instructor's permission before writing the paper. A sample paper will be posted to Blackboard at the same time as the paper assignment is distributed.

The instructor hopes to grade based on a traditional scale, i.e., 90-100 A, 80 to 89 B, 70-79 C, etc. Of the total 100 points in the course, the two exams will make up 50 points, the two quizzes 20 points and the paper the final 30 points.

Students wishing to do extra credit may do so by writing a second paper using the same general instructions but a different topic. The extra credit paper is not due until the day of the final exam but students must propose their topics and have them approved by the instructor prior to November 20<sup>th</sup>. The extra credit paper will be worth 25 points and may be used to replace either of the two exams in the final grade determination. (Therefore a student submitting an extra credit paper may skip the final exam!)

### **HONOR POLICY**

Students are reminded of GMU's Honor Policy. The instructor, a graduate of the Air Force Academy, believes strongly in the importance of academic integrity. Students using someone else's work without attribution will be reported to GMU's Honor Council.

### **SCHEDULE**

The planned schedule below is subject to change if events warrant.

#### **AUG 28; COURSE OVERVIEW/Framework FOR STRATEGY**

HANDOUT: Syllabus

READING ASSIGNMENT: BDSS, Introduction

#### **SEP 4; MICRO-ECONOMICS REVIEW**

READING ASSIGNMENT: BDSS, Primer

#### **SEP 11; HORIZONTAL BOUNDARIES OF THE FIRM**

READING ASSIGNMENT: BDSS, Chapters 1-2

#### **SEP 18; VERTICAL BOUNDARIES**

READING ASSIGNMENT: BDSS, Chapters 2-3

NOTE: Study Guide for Quiz #1 posted to Blackboard by Sep 16; Prep Session for Quiz #1

#### **SEP 25; VERTICAL INTEGRATION**

READING ASSIGNMENT: BDSS, Chapter 3-4

NOTE: Quiz #1 covering chapters 1-4 taken in class

#### **OCT 2; INDUSTRY ANALYSIS**

READING ASSIGNMENT: BDSS, Chapter 5-6

NOTE: Study guide for midterm posted to Blackboard by Oct 7; Quiz #1 returned

#### **OCT 9; MARKET STRUCTURE**

READING ASSIGNMENT: BDSS, Chapter 6

NOTE: Prep session for midterm held

#### **OCT 16: STRATEGIC COMMITMENT AND MIDTERM (covering chapters 1-6)**

READING ASSIGNMENT: BDSS, Chapter 7 (discussed from 7:20 to 8:15)

NOTE: Midterm administered from 8:30 to 10:00

**OCT 23: DYNAMICS**

READING ASSIGNMENT: BDSS, Chapters 7-8

NOTE: Midterm returned

**OCT 30: COMPETITIVE ADVANTAGE**

READING ASSIGNMENT: BDSS, Chapter 9

NOTE: Midterm returned and discussed

**NOV 6: VALUE CREATION**

READING ASSIGNMENT: BDSS, Chapters 10-11

NOTE: Study guide for Quiz #2 posted on Blackboard on Nov 4

**NOV 13: COMPETITIVE ADVANTAGE**

READING ASSIGNMENT: BDSS, Chapters 11-12

NOTE: Quiz #2 covering Chapters 7-10 taken in class

**NOV 20: MEASURING PERFORMANCE**

READING ASSIGNMENT: BDSS: Chapters: 12-13

NOTE: Study guide for the final exam posted on Blackboard

**NOV 27: NO CLASS (THANKSGIVING)**

**DEC 4: CULTURE**

READING ASSIGNMENT: BDSS: Chapters 13-14

NOTE: Term project due on December 4; prep session for final held

**DEC 11: FINAL EXAM**

NOTE: The final exam will only cover Chapters 7-14