TEXAS TECH UNIVERSITY  
Department of Economics  
Managerial Economics (ECO 3320) Section 003  
Spring 2016  
Course Syllabus

Instructor: Lanlan Chu  
Place and Time: Holden Hall 150, MWF 1:00 pm - 1:50 pm  
Office: Holden Hall 262  
Office Hours: MW 2:00-3:30 pm or by appointment  
Tel., Email: 806-742-2201, lanlan.chu@ttu.edu  
Website: http://www.myweb.ttu.edu/lchu/

• A required Texas Tech Special Edition using Michael R. Baye and Jeffrey T. Prince,  
• Lecture notes  
• Homework software: Connect http://connect.mheducation.com/class/l-chu-spring-2016_3320

Prerequisite  
• You must have already completed and passed ECO 2301 (Principles of Microeconomics) to enroll in this course.  
• Though there is not a formal mathematics prerequisite for this course, this course utilizes basic calculus concepts. I will introduce and teach any techniques that will be relied upon over the semester.

Course Description  
This course provides students with the tools from intermediate microeconomic theory needed for good decision-making in a business or institutional context. It intends to increase the students understanding of economics and teach them a variety of techniques that will allow them to not only solve business problems, but also make informed personal financial and economic decisions.

Learning Outcomes  
Upon completion of this course, students should be able to:  
• Apply supply and demand analysis to explain a variety of real-world situations;  
• Apply the theory of individual behavior;  
• Understand the production process and costs, and determine cost minimizing input combinations;  
• Distinguish between various market structures and utilize the models and theories on the management of competitive, monopolistic, monopolistically competitive, and oligopolistic firms;  
• Identify and describe the various pricing strategies for firms with market power;  
• Effectively use the tools of game theory in a variety of business situations including interpersonal decisions and competitive firm behavior.
Description of How Grades are Determined

• Attendance
Attendance at lectures is required, and is weighted as 5% of your final course grade. If you missed more than ten classes, your final course grade will be lowered one letter grade for each additional absence. Attendance will be recorded on random (most) days by use of an attendance sheet or class activities. Attendance at lecture may be taken at any time during the period and may be taken more than once per period. To score full points for attendance, two excused absences will be considered. The two excused absences need to be informed in advance. For other absences not informed in advance or in case of medical circumstances, a doctor’s note or proper work will be required.

• Exams
There will be 2 midterms and a cumulative final exam at the end of the semester. Each exam will include several multiple choice questions as well as short answer questions. Each exam is weighted as 20% of your final grade.

• Applied Project
This project is weighted as 20% of your final course grade. The objectives of this assignment are to (1) gain practice applying microeconomic theory and (2) to become familiar with sources of economic market information. In this project, you, and a team of fellow classmates (three or four students) are required to choose a company and answer the following 9 questions for it.

1. Identify the subject of this report by company name and location.
2. Identify the firm’s primary industry by name.
3. Describe the firm’s customers (households, business, schools, governments, etc.).
4. What are the major determinants of demand for the firm’s primary product? Explain your choice of variables.
5. Does the firm face elastic or inelastic demand with regard to its primary product? Recall the determinants of elasticity and describe those factors for the firm’s primary product.
6. How would you describe the market structure of the industry in which your firm operates? To answer this, you should discuss the number of competitors, product similarity and barriers to entry. Does the firm have pricing power? If yes, by how much?
7. Calculate the company’s sales and profit growth rates for the past year and the past three years. Do the same for the firm’s rivals (firms with the same industry classification). Has the firm’s growth rates matched its rivals? Summarize the company’s performance relative to its rivals.
8. Has the Department of Justice or the Federal Trade Commission (FTC) taken action recently against this firm? Report any major findings.
9. Report any other findings of the firm relevant to this course.

• Quizzes, Homework
Your quizzes and homework account for 15% of the final grade, regardless of the grading option you choose. Homework is weighed as 8% and will be posted upon completion of a chapter. They will be completed online thorough the Connect software that comes with your book. A total of 8-10 homework will be assigned during the semester. They include several multiple choice and short answer questions that require quantitative application on the different economic concepts covered in each chapter. Quizzes weigh 7% and will be assigned after each chapter in class.
Grading Scale

A = 89.5% and above
B = 79.5% – 89.49%
C = 69.5% – 79.49%
D = 59.5% – 69.49%
F = 59.49% and below

5% - Attendance
8% - Homework
7% - Quizzes
20% - Applied Project
20% - Midterm 1
20% - Midterm 2
20%- Cumulative Final Exam

Make-up examinations: Failing to take a scheduled examination will result in a score of 0 unless replaced by a make-up exam in a timely fashion. ‘Make-up’ examinations are given at the discretion of the instructor, and will only be given in cases where there is a documented excuse beyond your reasonable control.

Examination Calendar

First Exam: Monday 2/29/2016

Final Exam: Cumulative: Thursday 5/12/2016 from 1:30-4:00 pm in the normal classroom

Important Dates to Remember

• Last day to drop a course and receive a refund: 2/5/2016 (Friday)
• Spring vacation: 3/12/2016-3/20/2016
• Last day to drop a course and receive a W: 3/31/2016 (Thursday)
• Last day of classes, Tuesday 5/10/2016
• For more important dates, go to: http://www.depts.ttu.edu/officialpublications/calendar/15-16_cal_detailed.php

Suggestions

The single best way to learn economics is to work lots and lots of problems and hence, I strongly encourage you to work on all the conceptual and computational questions in the relevant chapters of the textbook.

I would also encourage you to make use my office hours during the semester and not wait until the day before the exam. If you are having difficulty with concepts early on, then it is likely that your difficulties will snowball and that there will be insufficient time to deal with your problems close to the exams. So please make use of the office hours to sort out difficulties as they arise.
Notes

1. **Classroom Behavior**: Students are expected to assist in maintaining a classroom environment which is conducive to learning. In order to assure that all students have an opportunity to gain from time spent in class, unless otherwise approved by the instructor, **students are prohibited from using cellular phones, eating or drinking in class, making offensive remarks, using laptops for nonrelated class activities, reading newspapers, sleeping or engaging in any other form of distraction.** Inappropriate behavior in the classroom shall result in, minimally, a request to leave class.

2. **Absence Policy**: attendance is REQUIRED and will be MONITORED throughout the semester. Incidences of excessive absence will be dealt with in a manner consistent with University policy and procedures. **An absence** is defined as the following:
   - Failing to attend a scheduled class
   - Missing 30 or more minutes of a scheduled class
   - Leaving class early without notifying the instructor and obtaining approval from the instructor

   **Excused absences** are defined as the following:
   - Illness of the student or serious illness of a member of the student’s immediate family
   - The death of a member of the student’s immediate family
   - Trips for members of student organizations sponsored by an academic unit, trips for University classes, and trips for participation in intercollegiate athletic events. When feasible, the student must notify the instructor prior to the occurrence of such absences.
   - Major Religious Holidays. Students are responsible for notifying the instructor in writing of anticipated absences due to their observance of such holidays in advance.

   Written documentation will be required for all excused absences. This means electronic emails, electronic faxes, or oral excuses will not be recorded or allowed for credit. We need paper documentation that we can keep for our files.

   Missed announcements, instructions, assignments, etc. due to the absence will not constitute acceptable reasons for failing to meet subsequent deadlines. It is the student’s responsibility to learn the content of the missed classes. Students are allowed to take an examination or complete an assignment scheduled for that day within a reasonable time after the absence if, not later than the **tenth** day after the first day of the semester, the student had notified the instructor of each scheduled class that the student would be absent.

3. **Tardy Policy**: A tardy is defined as arriving between 10 and 29 minutes late to class. For example if class begins at 10:00am and you arrive at 10:11am, you will be counted tardy. **After receiving three tardies, you will accumulate an absence.**

4. **American with Disability ACT**: Any student who, because of a disabling condition, may require special arrangements in order to meet course requirements should contact the instructor as soon as possible to make necessary accommodations. Students should present appropriate verification for Disabled Students Services during the instructor’s office hours. Please note that instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, you may contact the Student Disability Services office in West Hall 335 or by phone at 806-742-2405.
5. **Academic integrity**: cheating on examination or plagiarism or falsification on the research project will result in an (F) for the course. The instructor reserves the right to pursue the matter further.

6. Students are expected to have their ID’s with them in class. The instructor reserves the right to ask a student to show his/her ID, especially during exams.

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**Course Outline – tentative**

- Ch. 1: Fundamentals of Managerial Economics
- Ch. 2: Market Forces: Demand and Supply
- Ch. 3: Quantitative Demand Analysis

**Midterm 1 (Monday 2/29/2016)**

- Ch. 4: Theory of Individual Behavior
- Ch. 5: The Production Process and Costs
- Ch. 8: Managing in Competitive, Monopolistic, and Monopolistic Competitive Markets

**Midterm 2 (Monday 4/11/2016)**

- Ch. 9: Basic Oligopoly Models
- Ch. 10: Game Theory: Inside Oligopoly

**Cumulative Final Exam (Thursday 5/12/2016)**