

ECON 5033

MANAGERIAL ECONOMICS

Professor Georgia Kosmopoulou

This course emphasizes practical applications of economic theory and techniques to business problems. The major topics to be covered include, quantitative demand analysis, consumer behavior, production and cost analysis, optimal output and pricing decisions in alternative industry structures, strategic behavior in the oligopoly market, risk analysis and managerial incentives. Real world examples will be utilized to demonstrate the theoretical models developed in class.

Textbook(s) and Instructional Materials:

(01) Edwin Mansfield, W. Bruce Allen, and Neil Doherty (2005). *Managerial economics*, 6th ed. New York: W. W. Norton & Company, Inc.

(02) Edwin Mansfield. *Study Guide and Casebook*. This supplement to Managerial Economics includes full-length case studies.

Other Useful Texts:

Michael Baye, *Managerial Economics and Business Strategy*, McGraw-Hill.

Course Objectives:

1. Equip students with some of the quantitative techniques currently used in decision making and in the solution of business problems. Use optimization rules and optimization techniques in business situations.
2. Demonstrate how managers can apply the economic concepts and models to real-world problems.
3. Discuss economic issues and possible economic policies which can be used to solve them.
4. Use economic models, techniques, and concepts to analyze firm behavior using a case study approach.

To obtain additional information about the course, send an e-mail to your fellow classmates, discuss class assignments or ask questions go to: <http://coursetnet.ou.edu>.

Grading Policy:

I. Exams: There will be a midterm and a final exam. The midterm will count for 30% of your grade and the final will count for 40%. The final exam will be on Thursday, December 16, 1:30pm-3:30pm. The midterm exam is on Thursday, September 30.

II. Problem Sets: The students will have to work through all problems from each assigned chapter. We will discuss selectively some of them in class. Their contribution to this discussion will determine 10% of their final grade.

III. Case Studies: Each student will have to prepare and present a case study in class. This presentation will determine the remaining 20% of the final grade. We will be devoting 30 minutes of every class session after the midterm exam and till the end of classes to presentations and discussion.

Office Hours:

I will hold office hours every Monday 4:30-6:00 and Wednesday 11-12. My office is in 318 Hester Hall. My phone number is 325-3083 and my e-mail is: georgiak@ou.edu.

Course outline:

The following is a list of topics I wish to cover in class. In case we don't make it through all the topics listed, you will be responsible for material in topics actually covered in lecture.

Introduction to Managerial Economics and Optimization Techniques; Chapters 1 and 2.

Demand and Forecasting: Demand Theory, Consumer Behavior and Rational Choice, Estimating Demand Functions, and Business Economic Forecasting; Chapters 3,4,5 and 6.

Production and Cost: Production Theory, Technological Change and Industrial Innovation , The Analysis of Costs; Chapters 7, 8 and 9

Market Structure Strategic Behavior and Pricing: Perfect Competition, Monopoly and Monopolistic Competition, Oligopoly, Game Theory, Pricing Techniques; Chapters 11, 12, 13 and 14.

Risk Analysis and Capital Budgeting: Risk Analysis, Capital Budgeting; Chapters 15 and 16.