Stevens Institute of Technology

Howe School of Technology Management

Syllabus

**MGT 607**

# Managerial Economics

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| Semester: **2012** | Day of Week/Time: |
| Instructor Name & Contact Information:  **Alex Panayides**  [*apanayid@stevens.edu*](mailto:eleni.gousgounis@stevens.edu) | Office Hours:  Class Website: |

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| **Overview** |

The application of microeconomic theories to managerial decisions with respect to production, pricing, and investment. This includes optimization techniques, demand and cost functions, and utilization of market and cost information in pricing and production decisions. Other topics include market structure analysis (perfect competition, monopoly, monopolistic competition and oligopoly) and game theory.

*Prerequisites: MGT 503, MGT 600*

**Relationship of Course to Rest of Curriculum**

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| Managerial Economics is a core course in several of our master’s programs where it is one of several foundation courses along with accounting, finance, marketing, etc which comprise the fundamental business disciplines. |

**Learning Goals**

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| After successfully completing this course students will be able to:   1. Apply economic theory and concepts on the microeconomic level 2. Understand the linkages of economics with other business functions 3. Use maximization and minimization techniques in decision-making 4. Apply game theory to oligopoly markets |

**Pedagogy**

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| The course will involve lectures, class discussion, extensive problem solving exercises, and case analysis. |

**Required Text(s)**

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| Managerial Economics and Business Strategy, by Michael Baye, 7th edition, McGraw Hill, 2010. |

**Additional Readings**

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| Case studies provided by the instructor. |

**Assignments**

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| The course will emphasize class discussion and the analysis of the assigned readings. Homework problems will be assigned at the end of every chapter, along with additional problems provided by the instructor. Homework problems are a good practice for the exams. The grade will be based on homework assignments, two exams, and case studies analysis reports and presentations. | |
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| **Assignment** | **Grade Percent (approx.)** |
| Midterm Exam | 20 |
| Final Exam | 20 |
| Case studies analysis reports and presentations | 40 |
| Homework assignments | 20 |
| **Total Grade** | **100%** |

# Ethical Conduct

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| The following statement is printed in the Stevens Graduate Catalog and applies to all students taking Stevens courses, on and off campus.  “Cheating during in-class tests or take-home examinations or homework is, of course, illegal and immoral. A Graduate Academic Evaluation Board exists to investigate academic improprieties, conduct hearings, and determine any necessary actions. The term ‘academic impropriety’ is meant to include, but is not limited to, cheating on homework, during in-class or take home examinations and plagiarism”.  Consequences of academic impropriety are severe, ranging from receiving an “F” in a course, to a warning from the Dean of the Graduate School, which becomes a part of the permanent student record, to expulsion.  *Reference: The Graduate Student Handbook, Academic Year 2003-2004 Stevens*  *Institute of Technology, page 10.*  Consistent with the above statements, all homework exercises, tests and exams that are designated as individual assignments MUST contain the following signed statement before they can be accepted for grading. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination. I further pledge that I have not copied any material from a book, article, the Internet or any other source except where I have expressly cited the source.  Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_  Please note that assignments in this class may be submitted to [www.turnitin.com](http://www.turnitin.com), a web-based anti-plagiarism system, for an evaluation of their originality. |

**Course Schedule**

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| **Sessions** | **Topic Covered/Readings/Assignments** |
| 1 | Overview of the course. The Supply and Demand Model. |
| 2 | Applications of the Supply and Demand Model.  Demand Analysis: Revenue Maximization. |
| 3 | Demand Analysis: Elasticity. |
| 4 | The Theory of Individual Behavior. |
| 5 | Production Theory. |
| 6 | Cost Theory. |
| 7 | Profit Maximization.  Perfect Competition and Monopoly. |
| 8 | Monopolistic Competition and Oligopoly. |
| 9 | Game Theory: Simultaneous Games. |
| 10 | Game Theory: Multistage Games. |
| 11 | Pricing Strategies: Price Discrimination. |
| 12 | Pricing Strategies: Advance Pricing Strategies. |
| 13 | Presentations of case studies. |
| 14 | Final Exam |