

UNIVERSITY OF FLORIDA
DEPARTMENT OF ECONOMICS
ECO 6936
Managerial Economics

Spring 2016

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Course Description: This class will focus on the decision-making process of business executives. It provides an analytical treatment of economic principles used explicitly or implicitly in determining the behavior of consumers, firms, and markets. The course is theory based and practice oriented. Business decisions often require numerical solutions, and therefore algebraic, geometric and game theoretic techniques will be developed and used. The class will address several basic questions including the following: What are the determinants of firm size and behavior? Why some industries are profitable and some are not? How do strategic decisions affect market equilibrium and competitive advantage? What is the best way to deal with actual and potential competitors?

Grades: There will be one in-class quiz, one take-home quiz and a research-oriented project which will determine your final grade. Each quiz will be open book and open laptop. Practice questions similar to those appearing in each quiz are posted in the class web site (Canvas). Grade weights will be approximately as follows: in-class quiz 40%; take-home quiz 20%; and project 40% of final grade.

Each quiz and project will be graded on a scale between 0 and 100. The following distribution will be used to translate numerical scores into letter grades.

Grade Distribution

Numerical Score Range	Letter Grade
95.00 – 100.00	A
90.00 – 94.99	A-
80.00 – 89.99	B+
70.00 – 79.99	B
60.00 – 69.99	B-
50.00 – 59.99	C+
40.00 – 49.99	C
30.00 – 39.99	C-

Project: It consists of a critical overview of the literature providing an economic perspective on a business related issue. More information will be distributed in class.

Deadlines: *Project:* Wednesday, March 16, 7:00 pm; *In-class quiz:* Friday, April 1; *Take-home quiz:* Wednesday, April 6 .

Reading Materials: The textbook for this class is David Besanko, David Dranove, Mark Shanley, Scott Schaefer, *Economics of Strategy*, Sixth Edition, 2013, John Wiley & Sons, designated below as *Besanko et al.*

Electronic Communication: There is a class web site in Canvas which will serve as the electronic communication platform for this class.

COURSE OUTLINE

1. Economic Foundations and Principles

Handout “Optimization Techniques” (to be distributed in class).

Besanko et al., Economics Primer: Basic Principles.

Besanko et al., Chapter 2 : The Horizontal Boundaries of the Firm.

2. The Market Environment of Business Decisions

Besanko et al., Chapter 5: Competitors and Competition.

3. Strategic Interactions

Besanko et al., Chapter 9: Strategic Positioning for Competitive Advantage

Besanko et al., Chapter 8: Industry Analysis.

Besanko et al., Chapter 12: Performance Measurement and Incentives