

Economics of Business Decisions Syllabus

(ECP 5705; Fall 2020)

This course is team taught.

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Reading: Baye, Michael R. and Prince, Jeffrey, Managerial Economics and Business Strategy, McGraw-Hill Irwin, ninth edition 2017.

Course Notes: These are available in the Canvas course site. Links to Course Note Sections are in the Session Pages and the notes can be accessed at Files > Course Notes.

Canvas Website: The Canvas course site serves as the virtual location for our course and our primary means of communication. Recorded lectures, course notes, practice questions (go to Files > Supplemental Materials), and assignments have or will be post there. Information regarding coverage and preparation for each session is provided in the “Session Bubbles.” You should take some time to familiarize yourself with the Canvas course site before the course begins.

Course Description: We study fundamental principles of microeconomics most relevant to managers. Topics include costs, demand, pricing, market structure, market equilibrium, and strategic interaction. The course focuses on: (i) profit maximization by firms; and (ii) market equilibrium in different competitive settings. The course should enhance your understanding of how markets operate and develop your capability in making economic predictions about market outcomes. It should also serve as a foundation for your further MBA studies in management, accounting, finance, and marketing. While the material is not too advanced, we move fairly quickly as is appropriate for MBA studies. Economists are model builders, as these facilitate careful analysis, and it is important to develop facility in working in this context. This capability comes through practice. There is more below on methodology/models in economics. If you can answer the practice questions (at Canvas under Files > Supplemental Materials), then you are getting it.

Course Delivery: This course will be delivered through a mix of asynchronous recorded lectures and synchronous discussion and problem-solving sessions. We will post 3-4 recorded lecture videos at least one week in advance of each class meeting day and have scheduled a separate one-hour synchronous discussion section in Zoom during each class meeting day. It is expected and crucial for you to have watched the relevant recordings and worked on the relevant practice questions prior to each synchronous session. We can answer any questions that stem from the recorded lectures and assigned textbook readings and also discuss practice problems during these synchronous sessions. You should bring prepared questions to these sessions. Beginning times for the synchronous meetings are listed in the schedule below.

Exams: You must complete three take-home exams to successfully complete this course. While these exams are open-book and open-note, they should be taken individually. You are not permitted to discuss or collaborate on these exams with anyone. Impermissible cooperation constitutes a serious violation of the UF Student Honor Code.

The three take-home exams will be posted in the Canvas course site. You should submit a PDF file into Canvas by the deadline. Your scanned submission should be high-quality and professionally presented. If you choose not to type this assignment, your handwriting must be legible, and graphs must be accurate. Responses that are not clearly correct and presented professionally will not earn credit. Late submissions will not be accepted.

The schedule for the three take-home exams is:

Take Home Exam	Opens at...	Closes at...
Take Home Exam 1	Sunday, Nov. 8 at 7:00pm	Sunday, Nov. 15 at 7:00pm
Take Home Exam 2	Sunday, Dec. 6 at 7:00pm	Sunday, Dec. 13 at 7:00pm
Take Home Exam 3	Sunday, Jan. 3 at 7:00pm	Sunday, Jan. 10 at 7:00pm

Final Grades: Each of the three take-home exams accounts for one-third of your overall course grade. We will calculate the average of your three exams, use that calculation to determine each student's within class standing, and assign final grades based on that information.

Schedule of Topics and Assigned Readings*

Note on reading: The chapters and pages listed below are from the Baye and Prince textbook unless noted otherwise.

Sunday, Oct. 18	Introduction and Math for Managerial Economics & Begin Production and Costs <u>Read:</u> Chapter 1 & Chapter 5 (up to p. 163). Course Notes. <i>Synchronous meeting begins at 9:00am. (Romano)</i>
Saturday, Nov. 7	Production and Costs <u>Read:</u> Chapter 5 (up to p. 163). Course Notes. <i>Synchronous meeting begins at 2:00pm. (Romano)</i>
Sunday, Nov. 8	Demand and Monopoly Pricing <u>Read:</u> “Notes on Unit Demand Model” in Course Notes; pp. 64-81 in text; Chapter 8 with focus on “monopoly pricing.” (Note: The rest of Chapter 8 is reading for the next section.) Course Notes. <i>Synchronous meeting begins at 2:00pm. (Romano)</i>
Saturday, Dec. 5	Market Equilibrium with Low Entry Barriers: Perfect Competition. <u>Read:</u> Chapters 2, 7, & 8 (up to p. 260). Course Notes. <i>Synchronous meeting begins at 9:00am. (Romano)</i>
Sunday, Dec. 6	The Exercise of Monopoly Power. <u>Read:</u> pp. 347-356 in text. Course Notes. <i>Synchronous meeting begins at 9:00am. (Romano)</i>
Saturday, Jan. 2	Collusion and Cartels. <u>Read:</u> pp. 435-444 in text. Course Notes. <i>Synchronous meeting begins at 2:00pm. (Knight)</i>
Sunday, Jan. 3	Oligopoly. <u>Read:</u> pp. 283-290 in text and Chapter 10 to p. 325. Course Notes. <i>Synchronous meeting begins at 2:00pm. (Knight)</i>
Saturday, Jan. 23	Third Take-Home Exam Review <i>Synchronous meeting begins at 12:30pm (Knight)</i>

*Recorded lectures to watch prior to each session will be conveyed at Canvas.

Comments on Methodologies in Economics: Economists are model builders as noted in the Course Description. Economic models specify precisely the environment that is studied. Models simplify reality by abstracting from elements that are irrelevant (or believed to be irrelevant) to the issues under study. They facilitate making predictions and clarify what underlies these predictions. A different economic environment requires a different model, although many models share key elements. Models are specified mathematically and/or graphically. Employing models to perform analysis is usually what underlies difficulties that some students encounter in learning economics. The key to learning to work with models is practice. While it may be rough going initially, with practice the use of such techniques becomes second nature. Such careful analysis of issues characterizes all science.

A cornerstone of economics and especially managerial economics is marginal analysis. Marginal analysis (discussed in Chapter 1 of your text) is used to analyze optimization problems, like profit maximization. Its mathematical counterpart is differential calculus. As such we will employ some differential calculus in this course (recognizing lack of familiarity with this of many students), but with more emphasis on interpretation rather than technique. The assignments will require that you come to understand how calculus is used in marginal analysis (and a series of related economic results) and basic differentiation, but mastering complicated mathematical manipulation is unnecessary.

The Contract: *What follows is very important.* Teaching in this environment is a challenge. We have put together extensive Course Notes for you. We will do the best job that we can with our asynchronous and synchronous communications and will respond to questions that we get by email in a timely manner (though this does not mean immediately). Your end of the contract is to pledge to keep up and work on your own on exams. Remember that we have provided practice questions for each section we cover (see Canvas). It is absolutely fine to work together on practice problems, but to learn you need to not free ride. Assuming you are holding up your end of the contract, we *promise* to be fair in grading!

Comments on Class Recordings: Synchronous class meetings will be video recorded. These recordings will be posted in Canvas and remain available until the end of the course. This practice is intended to accommodate any technical issues that may arise with streaming classes, as well as any necessary absences. It also allows you to revisit the lectures when studying for and completing the take-home exams.

Students who participate with their camera engaged or utilize a profile image are agreeing to have their video or image recorded. If you are unwilling to consent to have your profile or video image recorded, be sure to keep your camera off and do not use a profile image. Likewise, students who un-mute during class and participate verbally are agreeing to have their voices recorded. If you are not willing to consent to have your voice recorded during class, you will need to keep your mute button activated and communicate exclusively using the "chat" feature, which allows students to type questions and comments live. The chat will not be recorded or shared.

As in all courses, unauthorized recording and unauthorized sharing of recorded materials is prohibited.

Academic Honesty: You are expected to abide by the University's rules for academic honesty. These rules are available for your review at:

<https://sccr.dso.ufl.edu/process/honor-code/>

We take these rules very seriously and are committed to upholding the policies and integrity of the University of Florida and the UF MBA program. Cheating, plagiarism, or any other behavior that violates these rules will be reported to the MBA program and the UF Dean of Students, and we will advocate for the strictest available sanction.

Students with Disabilities: We are committed to providing accommodations to students with disabilities following the guidelines and procedures of the University of Florida policies. If you feel that such accommodations are warranted, please feel free to contact us or the UF Disability Resource Center.