

COURSE INFORMATION

Course title:	Managerial Economics I	Credits:	1.5
Course code:	BAPA 550	Class location:	HA 133 (001); HA 132 (002)
Session, term, period:	2019W1, Period 1	Class times:	T Th 8am–10am; 10am–12pm
Section(s):	001/002	Pre-requisites:	n/a
Course duration:	Sep 4 to Oct 11, 2019	Co-requisites:	n/a
Division:	SBE		
Program:	FT MBA		

INSTRUCTOR INFORMATION

Instructor:	Isaac Holloway	Office location:	HA 272
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COURSE DESCRIPTION

The purpose of this course is to help students understand key ideas in microeconomics and how they can be applied to managerial business problems. The course develops capacity to analyze an organization's economic environment, to understand the constraints this environment places on the organization's pursuit of its goals, how these constraints may change with time, and to apply economic reasoning to internal decision making.

COURSE FORMAT

In-class time will be spent on lectures, discussions, simulation games, and weekly quizzes. Students will do readings and practice problems outside of the classroom. There will also be one group-based essay assignment to be completed outside of class time.

LEARNING OBJECTIVES

By the end of this course, students will be able to:

1. Apply basic economic principles to solve a range of managerial problems;
2. Determine optimal production levels and prices for a profit-maximizing firm operating in different market structures, and explain the effect of market structure on the firm's potential profits;
3. Explain how firms can learn about market demand;
4. Show how a firm with market power can use advanced pricing strategies to increase profit;
5. Use game theory to analyze strategic interactions among firms;
6. Describe how public policy can influence firm behaviour to correct for market failures;
7. Explain how information asymmetries can lead to market failure.

ASSESSMENTS

Summary

<u>Component</u>	<u>Weight</u>
Group Essay Assignment	20%
Quizzes	20%
Class participation	10%
Final exam	50%
Total	<u>100%</u>

Details of Assessments

Group Essay Assignment (20%)

Essays are intended to further your understanding of how firm behaviour is informed by economic principles and public policy in real-life applications. Essays should be written in teams of three students collaborating on the research, discussion, and writing. Please use Canvas for team sign-up. Each essay is limited to 1500 words (+/- 150 words, plus figures and references). Groups will select an industry and write about the economic forces shaping industry incentives and outcomes—including relevant concepts related to supply and demand, pricing, strategic interaction, efficiency, externalities, and information.

Grades will be based on the economic content, the quality of the analysis, and the clarity with which understanding of the material is discussed. Grades will be out of 20 points. Additional instructions will be made at the time of the assignment.

Quizzes (20%)

There will be four quizzes, according to the schedule below. The quizzes will be worth 5% each and will be based on the material covered in the preceding week. Quizzes will occur at the beginning of class and it is important not to be late. Each quiz will be 20 minutes long, consisting of a mix of multiple-choice questions and one longer question involving numerical, drop down, and/or fill-in-the-blank responses.

Class participation (10%)

High-quality participation demonstrates preparation, active listening, understanding, and respect for your peers. Please bring your name tent to each class and place it in front of you. Please also sit in the same seat for each class, as doing so will help me learn who you are more quickly.

Final Exam (50%)

The final exam will include both quantitative and qualitative questions. It will consist of multiple choice and short-answer questions. Partial credit will be granted for answers to the short-answer questions that show evidence of learning even if the answer is incorrect or incomplete.

LEARNING MATERIALS

Required readings will be available on Canvas. For most sessions, there will be a textbook (or lecture note) reading and an applied reading. The textbook readings are excerpted from:

- (i) Jeffrey M. Perloff and James A. Brander: *Managerial Economics and Strategy*, 2nd edition, Pearson, 2017;
- (ii) James A. Brander: *Government Policy Toward Business*, 5th edition, Wiley, 2014.

Hard copies of both books are available at the David Lam library.

Estimated cost of required materials: \$0

Additional materials recommended but not required: Khan Academy YouTube Videos

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

Late submissions will not be accepted and will receive a grade of zero.

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](https://webforms.sauder.ubc.ca/academic-concession-rhlee) <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and

acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

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ACKNOWLEDGEMENT

UBC’s Point Grey Campus is located on the traditional, ancestral, and unceded territory of the xwməθkwəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change with class consultation)

P/B refers to Perloff and Brander; B refers to Brander

Most lectures will also have applied readings posted to Canvas in advance

Session	Topic	Readings	Assessments due
1 – Sept 3	Supply & Demand Equilibrium	P/B Chapter 2	
2 – Sept 5	Supply & Demand Equilibrium	P/B Chapter 2	
3 – Sept 10	Elasticity and Monopoly Pricing	Lecture Note	Quiz 1
4 – Sept 12	Demand Discovery	Lecture Note	
5 – Sept 17	Price Discrimination	P/B Chapter 10	Quiz 2
6 – Sept 19	Advanced Pricing Strategies: Two-Part Tariffs, Bundling, and Dynamic Pricing	P/B Chapter 10	
7 – Sept 24	Game Theory and Business Strategy	Lecture Note	Quiz 3
8 – Sept 26	Game Theory and Business Strategy	Lecture Note	
9 – Oct 1	Risk preferences, Insurance, and Adverse Selection	Lecture Note	Quiz 4
10 – Oct 3	Externalities and Environmental Economics	B Chapter 9	Essay due Friday Oct. 4
Oct 7 – 11	Final Exam Week		Exam