

York University
Faculty of Liberal Arts & Professional Studies
Department of Economics

AP/ECON 3411 3.0 B
Managerial Economics and Strategy
Fall 2021 Course Outline

Course Instructor Contact:

Instructor: David K. Lee, Ph. D.

Office: DB 2043

Email: dklee@yorku.ca

Phone: 416-736-2100 Ext.

Course Consultation Hours: By appointment (In-person or zoom meeting, Zoom connection information will be available through eclass)

Course Web Site: eclass

Calendar Description / Prerequisite / Co-Requisite

Introduces students to the economic concepts and frameworks which the general manager can use to formulate, analyze, and implement strategy. Covers issues pertaining to firms boundaries, the economics of the make-versus-buy decisions, the transaction costs of market exchange, and diversification. Additional topics include the theories of competitive strategy such as market and entry strategies and strategic positioning and dynamics. Prerequisites: AP/ECON 2300 3.00 and AP/ECON 3210 3.00 or AP/ECON 3480 3.00. Course credit exclusions: None. PRIOR TO FALL 2009: Course credit exclusion: AK/ECON 3411 3.00.

Lecture Time and Location

Lecture: W: 11:30 am – 2:30 pm ACE 102

Note: First week lecture, Sep 8th lecture, will be delivered online (Zoom live)

Teaching Assistants: TBA

Organization of the Course

This course involves formal lectures presented by the course instructor. The classroom technology will be used extensively, such as PowerPoint, or MS word format presentation. There will be extensive usages of the course web site. Reading assignments, practice problems, problem solving, etc., for each lecture session, tutorial sessions or TA availability, etc., will be announced on the course web site.

Technical requirements for taking the course:

This course is, in principle, a face-to-face lecture in a classroom. However, the Covid-19 situation is still ongoing, the first week lecture is held online, and some student consultations are expected to take place online, all students taking this course must have the following technical requirements.

A computer with microphone and webcam, and a high speed and reliable internet connection, and/or a smart device with these features. These technical features are required for students in order to fully participate in the course. There are some live information sessions including Q & A that may be conducted through Zoom video conferencing, where students are expected to participate. Also, students may be required to appear on video for exams/tests proctoring purposes. If you are not comfortable with these requirements, you should not enroll in this section of the course.

Students shall note the following:

- Zoom is hosted on servers in the U.S. This includes recordings done through Zoom.
- If you have privacy concerns about your data, provide only your first name or a nickname when you join a session.
- The system is configured in a way that all participants are automatically notified when a session is being recorded. In other words, a session cannot be recorded without you knowing about it.

Here are some useful links for student computing information, resources and help:

[Student Guide to Moodle](#)

[Zoom@YorkU Best Practices](#)

[Zoom@YorkU User Reference Guide](#)

[Computing for Students Website](#)

[Student Guide to eLearning at York University](#)

To determine Internet connection and speed, there are online tests, such as [Speedtest](#), that can be run.

Extended Course Description:

Managerial Economics is the application of economic theory and methodology to managerial decision making. The learning and exercises carried out in this course will assist students to make better decisions in the areas of demand estimation, production planning, resource allocation, competitive analysis, pricing and marketing and strategic management.

Learning Objectives:

Learning Goals	Learning Objectives	Assurances of Learning
Understanding Consumer Theory	Demand and Supply	<ul style="list-style-type: none">• Solving simultaneous equation system to get an equilibrium
	Elasticity	<ul style="list-style-type: none">• Identifying the relationship between price and quantity sold
	Budget Constraint and Indifference Curve	<ul style="list-style-type: none">• Identifying the slope of budget constraint and indifference curve• Identifying marginal utility concept
Understanding Production Theory	Production Function and Cost	<ul style="list-style-type: none">• Identifying the relationship between inputs and output, and cost and output
	Profit Maximization	<ul style="list-style-type: none">• Identifying marginal revenue and marginal cost• Understanding MR=MC rule
Understanding Industry Structure	Pure Competition vs. Monopoly	<ul style="list-style-type: none">• Identifying short run and long run• Understanding market power
	Oligopoly	<ul style="list-style-type: none">• Understanding some duopoly models.• Understanding some characteristics of auto and/or oil industry.
Understanding Game	Oligopoly, Game and Pricing Strategies	<ul style="list-style-type: none">• Understanding pricing policy of a firm.• Identifying finite and infinite game.
Understanding Information Economics	Uncertainty of Firms and Markets	<ul style="list-style-type: none">• Understanding risk aversion.• Identifying mean and variance.• Understanding information structures

Textbook (Required):

Michael Baye, Jeffrey T. Prince, Managerial Economics and Business Strategy, 10th Edition, McGraw-Hill Ryerson, 2021.

Evaluation *

The grade for this course is composed of the mark received for each of the following components:

Type of Assessment	Percent/Weight	Date
Midterm Exam (120 minutes)	40	Oct 27
Final Exam (150 minutes)	60	Dec 9 - 23
TOTAL	100%	

The following conversions will be used in converting percentage grades to letter grades:

90-100 (A+), 80-89 (A), 75-79 (B+), 70-74 (B), 65-69 (C+), 60-64 (C), 55-59 (D+), 50-54 (D), 40-49 (E), 0-39 (F).

Problem sets will be posted in the course web site throughout the semester. Some of them may be solved in class. These problems will not be graded, however, I encourage you to work through them. It will help you understanding the course material and consequently, increase the probability that you will do well in the course. Practice may not always make perfect, but it's a good start.

Deferred Exam Policy:

There are no makeups for missed midterm exams. Anyone missing the midterm exam will automatically have their final exam reweighted to be worth 100%.

NO multiple deferrals allowed: Students can defer only one of the two exams. If students defer more than one exams, the successive deferred exams will be marked zero.

Deferring the Final Exam: The deferred final exam policy will be applied only for those who completed all of the course requirements but the final exam. Students who do not complete one of the course requirements during the semester **MUST** attend the regular final exam session to complete the course. If a student were to miss a course requirement during the semester and has to defer the final exam as well then the student may submit a formal petition to the Faculty.

Requesting Deferred Final Exam

Students will be required to complete a Mach form requesting a deferred exam. For complete instructions for using the Mach form, please go to our website:

<https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/department-policies/deferred-standing/>

The Mach form replaces the **Final** Exam/Assignment Deferred Standing Agreement (DSA). A student must submit the form within 5 business days from the final exam date.

Tentative Sequence of Topics Covered and the Lecture Schedule

Week	Topic	Reading and Activity
01 Sep 8	Introduction to Managerial Economics <u>(Delivered with Zoom live lecture)</u>	Reading: Chapter 1.
02 Sep 15	Demand and Supply	Reading: Chapter 2
03 Sep 22	Elasticity and Regression Analysis	Reading: Chapter 3.
04 Sep 29	The Theory of Consumer Behavior	Reading: Chapter 4.
05 Oct 6	Production Function and Costs.	Reading: Chapter 5.
Reading Week (Oct 9–15)		
06 Oct 20	Competition vs. Monopoly.	Reading: Chapter 8.
07 Oct 27	Midterm Exam: (Weeks 1-5 Covered) (Nov 9: Last day of Drop)	
08 Nov 3	Oligopoly.	Reading: Chapter 9.
09 Nov 10	Game Theory	Reading: Chapter 10.
10 Nov 17	Pricing Strategies.	Readings: Chapter 11.
11 Nov 24	Economics of Information	Readings: Chapter 12.
12 Dec 1	Review for the Final and (If time permits The Organization of the Firm, The Nature of Industry)	(Readings: Chapters 6 and 7)
Final Exam	Dec 9 - 23	

New Information and Changes:

The schedule is subject to change –sometimes there are unexpected absences or we bog down on an issue. Check your class notes, or contact me for up-dated work schedules.

It may be very possible to make some adjustments of lectures and/or exams schedules. Students may also have handouts for the topics discussed in the class. It is students' responsibility to be aware of any policy (or schedule change), or to collect handouts from classes. If you miss classes, contact the instructor before or immediate after, and check if there is any policy change or handout distributed.

There is no excuse for not knowing course policies or schedule changes, or for not having handouts.

Important Course Information for Students:

All students are expected to familiarize themselves with the following information, available on the Senate Committee on Curriculum & Academic Standards webpage; <http://www.yorku.ca/secretariat/policies/index-policies.html/>

- York's Academic Honesty Policy and Procedures/Academic Integrity Website
Academic Honesty and Integrity: Conduct that violates the ethical or legal standards of the University community or of one's program or specialization is subject to severe penalties. Students are responsible for understanding the nature and consequences of these offences, as contained in the Senate Policy on Academic Honesty, found on the York University Senate WEB page:
<http://www.yorku.ca/secretariat/policies/document.php?document=69>
- Ethics Review Process for research involving human participants
<http://www.yorku.ca/secretariat/policies/document.php?document=94>
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
<http://www.yorku.ca/secretariat/policies/document.php?document=68>
- Student Conduct Standards
<http://www.yorku.ca/oscr/standards.html>
- Religious Observance Accommodation
<https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs>

Health and Safety Protocols Related to the COVID-19:

As part of York's Community of Care Commitment, all members of the York community share in the responsibility of keeping others safe on campuses. In this class, as elsewhere on campus, students must comply with all University health and safety protocols, including:

- *Self-screening using the YU Screen tool prior to coming to campus for any in-person activities*
- *Not attending in-person activities at any of York University's campuses/locations where you are feeling unwell or if you answer YES to any of the screening questions.*
- *Wearing masks or face coverings that completely cover the mouth, nose and chin while on campus*
- *Avoiding eating and drinking in classrooms, research and in shared spaces, where eating is explicitly not permitted (e.g., Libraries)*
- *Engaging in good hand hygiene*
- *Following instructions in designated spaces, as they pertain to giving space to one another and/or protocols for entry to and exit from classrooms, instructional and other shared spaces (e.g., Libraries), when applicable.*

Information about COVID-19 health and safety measures can be found on the Better Together website.