



## **BSP1703/1005 Managerial Economics\***

AY 2017/18 Semester1 Syllabus

**Section 1**  
Tuesday  
10am-12pm

**Section 2**  
Tuesday  
12pm-2pm

**Section 3**  
Wednesday  
10am-12pm

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**Office Hours**

2pm-3:30pm, Wednesdays and by appointment

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\* The new module code BSP1703 is for the AY17/18 cohort onwards.

## **COURSE DESCRIPTION**

This course will introduce you to managerial economics, the application of microeconomic theory to decision making in a wide variety of managerial settings. It will provide you—(future) managers, entrepreneurs, analysts and consultants—with knowledge to help you allocate scarce resources and develop competitive strategies.

The goal of this course is to give students the competence to recognize the benefits and costs associated with business activities, as well as the constraints firms face in varying economic scenarios, in order to make the optimal choice to fulfill managerial objectives. By the time you have completed this course, you will have learned to:

1. thoroughly understand the function of market mechanisms and the interaction among economic agents;
2. understand how the interplay between cost and demand fundamentals shape the prices that prevail in a market;
3. identify the categories of costs that are relevant for critical business decisions such as pricing and market entry and exit; and
4. use several important game-theory based models to understand oligopoly markets.

To achieve these objectives, the course will cover topics including demand and supply analysis; consumer theory; production theory; perfect competition; market power and monopoly; oligopoly; and game theory.

## **TEXTBOOKS, READINGS AND HANDOUTS**

Required: *Microeconomics* by David Besanko and Ronald Braeutigam, 5<sup>th</sup> Edition

The textbook should be available at the bookstore before the first class. You can also use earlier versions of the textbook. E-text is available for purchasing online (details will be posted on IVLE). The lecture slides will be available at IVLE before each class meeting. Additional reading materials and answers to homework questions will also be posted regularly. To maximize your success in the class, you should read the relevant textbook chapters and skim through the lecture slides before coming to class.

# GRADING COMPONENTS AND GUIDELINES

Final grade is based on the following components:

1. Homework problem sets, 15%
2. Presentation, 25%
3. Final exam, 60%

## **Important:**

For *homework problem sets*, there will be two sets of individual homework. Each student is required to prepare a typed or clearly handwritten answer to be submitted on the assignment's due date.

For the *presentation*, each group will be assigned a topic and do a 15-minute presentation in tutorial. The *presentation* will be assessed based on group work: This means that all members in a group will receive equal assessment for their aggregate work. All the group members should fully participate in the learning activities and contribute to the team's performance in good faith. More details will be provided in the class.

The final exam covers all the lecture materials throughout the course. **Note that no make-up exam is available for a missed exam.**

## COURSE OUTLINE

### **Part I: Determination of Prices**

1. Introduction
2. Demand and Supply
3. Utility Maximization and Consumer Theory
4. Cost Minimization and Producer Theory

### **Part II: Market Structure**

5. Competitive Market
6. Market Power and Monopoly
7. Pricing with Market Power

### **Part III: Game Theory and Oligopoly**

8. Simultaneous-Move Game and Cournot Model
9. Sequential-Move Game and Stackelberg Model

## TENTATIVE SCHEDULE

Week	Lecture	Textbook Chapters	Tutorial Activities
Week 1 (14 Aug- 18 Aug)	Introduction	Ch 1	
Week 2 (21 Aug- 25 Aug)	Demand and Supply Elasticity	Ch 2.1-2.4, 9.1	
Week 3 (28 Aug- 1 Sep)	Consumer Theory	Ch 3, 4.1-4.2, 5.1,5.3,5.4	Tutorials Begin
Week 4 (4 Sep- 8 Sep)	Cost and Supply	Ch 6.1-6.4, 7, 8.1-8.2	
Week 5 (11 Sep- 15 Sep)	Profit Maximization	Ch 9.1-9.4	
Week 6 (18 Sep- 22 Sep)	Competitive Market	Ch 10.1-10.2	Homework 1 Due
Recess Week (23 Sep- 1 Oct)			
Week 7 (2 Oct- 6 Oct)	Market Power	Ch 11.1-11.6	
Week 8 (9 Oct- 13 Oct)	Pricing with Market Power	Ch 12.1-12.5	
Week 9 (16 Oct- 20 Oct)	<b>No lecture</b>		
Week 10 (23 Oct- 27 Oct)	Game Theory Fundamentals	Ch 14.1	Presentation
Week 11 (30 Oct- 3 Nov)	Simultaneous-Move Game & Cournot	Ch 13.2, 14.2	Presentation
Week 12 (6 Nov- 10 Nov)	Sequential-Move Game & Stackelberg	Ch 13.2, 14.3	Homework 2 Due
Week 13 (13 Nov- 17 Nov)	Review		
Reading Week (18 Nov-24 Nov)			

## **ACADEMIC HONESTY & PLAGIARISM**

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism: <http://emodule.nus.edu.sg/ac/>