# COURSE OUTLINE

**BSP1703 Managerial Economics**



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| --- | --- | --- |
| Section 1 | Wednesday | 12pm – 2pm |
| Section 2 | Thursday | 12pm - 2pm |

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| --- | --- | --- |
| **Instructor\*\*** | **Office** | **Email** |
| Lee Khuay Khiang | Biz 2, 3-43 | kklee@nus.edu.sg |

*\*\*Extended consultation hours will be set up and announced prior to the final exam. In the meantime, all teaching staff will be available for discussions before and after lectures and tutorials and so please feel free to approach to the lecturer and tutors for any query.*

## COURSE OVERVIEW

Managerial economics is the study of how to allocate finite resources when running a business or an organization. Essentially, this course introduces the essential ideas of microeconomics by examining the way various markets work and how managers in competitive organizations make decisions. Moreover, this course examines the economic and social repercussions of market failure and assesses the role of businesses and institutions to restore market efficacy. Students will evaluate strategies applied by competitive firms and gain insights into the way firms sustain competitive advantage. In the process of distilling economic concepts, students will develop critical thinking skills and apply economic ideas to real-life situations. Nonetheless, this module will help students appreciate economic ideas that underpin business models, and the topics covered lay the foundation for students to pursue more subjects, such as management, accounting, finance, and marketing.

## KEY LEARNING OUTCOMES

On successful completion of the module, students should be able to:

* Explain the function of market mechanisms, the interaction among economic agents and evaluate how market price and quantity are determined.
* Describe how a consumer with limited income decides which goods and services to buy.
* Explain how cost is defined and measured, and distinguish between the concept of cost used by economists and by accountants.
* Explain different market structures, and quantify how firms in all markets, competitive or otherwise, choose the profit-maximizing output in the short run and long run.
* Measure and explain quantitatively the welfare effects of a government policy.
* Use more complicated pricing strategies and convert them into additional profits for firms.
* Apply game theory to understand how markets evolve and operate, and how managers should think about the strategic decisions they continually face.
* Distill the concept of externality and understand the critical role it plays in sustainable development within the environmental, social and governance (ESG) framework.

## ASSESSMENT

1. Participation in tutorial: 10%
2. Pre-Lecture Discussion Forum 10%
3. Case Study Presentation: 15%
4. Mid Term Test 15%
5. Final Exam: 50%

## TEACHING/LEARNING VEHECLES

### Lecture Notes prepared by the Instructor

The lecture slides will be available at Canvas before each class meeting. Students are expected to visit the site regularly, download, and preview the lecture slides and the relevant textbook chapters before coming to class.

### Textbooks

* + Main:

***Microeconomics (Global Edition)***, 9th ed., Robert S. Pindyck & Daniel L. Rubinfeld, Pearson/Prentice Hall, 2018

* + Supplementary:

***Managerial Economics,*** 6th ed., Ivan Png, Routledge, 2022.

***Microeconomics (Second Edition)***, Morgan, C.W., Katz, M.L. and Rosen, H.S. (2009), McGraw-Hill

### Case Studies

There will be six cases assigned. The case materials designed by the lecturer will be made available through Canvas as well. Each team will be assigned a case and do a 15-minute presentation in tutorial. Case presentation is a group-work and **all members must present during the assessment**. All the group members must fully participate in the learning activities and contribute to the team’s performance. More details will be provided in class.

### Tutorials

Tutorials are about problem set discussions, case presentations, math review, and general Q&A.

Participation marks are awarded for attendance and participation in discussions during tutorial.

Every student must come to tutorial prepared and participate in class discussion. Attendance is compulsory.

### Pre-Lecture Discussion Forum (Canvas)

There are graded pre-lecture discussion forum activities throughout the course. The discussion questions are designed to encourage students to explore complex ideas and share their individual views so that they can see the issues from multiple perspectives. Through this collaborative activity, students can co-construct meaning by integrating their knowledge and critical thinking as they exchange their point of view during the discussions. You will be assessed based on the quality and quantity of your post in the discussion forum. Quality responses are those that are analytical, critical and original in nature, and are relevant to the week’s topic. The pre-lecture discussion forum serves to ensure that you have reviewed and thought through the materials before coming to lecture. The **pre-lecture reflection is required for all students,** regardless of whether you have attended the seminar or not.

A few points to note about the pre-lecture reflection:

1. 150-words or less

2. Needs to be on the upcoming lecture, not the lecture that has already passed.

3. Discussion/reflection can be on any specific topic related to the upcoming lecture.

4. Reflection should show critical thinking and analysis

5. You should submit your reflection on Canvas under “Discussion” before the day of every lecture.

### Mid Term Test

### The mid-term test covers topics discussed in the first four tutorials. The test will be held the week after the recess week.

### Final Exam

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

# 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>

## TENTATIVE SCHEDULE

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| --- | --- | --- | --- |
| **Week** | **Lecture** | **Textbook Chapters** | **Tutorial Activities** |
| Lecture 1 |  **Demand, Supply** **and Elasticity** | **Ch1&2** | **No Tutorials** |
| Lecture 2 | **Analysis of****Competitive Markets** | **Ch9** | **No Tutorials** |
| Lecture 3 | **Consumer Theory** | **Ch3&4** | **Group Formation,****and Tutorial 1****(Demand, Supply, Market Analysis, and Elasticity)** |
| Lecture 4 | **Asymmetric Information** | **Ch 5 & 17** | **Tutorial Exercise 2****(Consumer Theory)** |
| Lecture 5 | **Game Theory** | **Ch13** |  **Tutorial Exercise 3****(Asymmetric Information)** |
| Lecture 6 | **Production and Cost** **And Mid-Term Briefing** | **Ch6 & 7** | **Tutorial Exercise 4** **(Game Theory)** |
| Recess Week |
| Lecture 7 | **Perfect Competition****Monopolistic Competition** | **Ch 7 and 12** | **Math Review****Tutorial Exercise 5****(Production and Cost)** |
| Lecture 8 | **Market Power and Uniform Pricing Monopoly** | **Ch10** | **Presentation** |
| Lecture 9 | **Sophisticated Pricing with Market Power** | **Ch 11** | **Presentation** |
| Lecture 10 |  **Oligopoly** | **Ch 12** | **Tutorial Exercise 6****(Perfect Comp and Mono Comp)** |
| Lecture 11 | **Externality** | **Ch 16 and 18** | **Tutorial Exercise 7****(Monopoly and Oligopoly)** |
| Lecture 12 | **Q&A** |  | **Tutorial Exercise 8 (Externality)** |
| Reading Week |