ECON601: Managerial Economics – Sections NO1, AO1  
Spring I - 2019

Instructor: Timothy J. Schibik, Ph.D.  
Office: BE1019 (inside the main COB offices)  
Office Hours: By appointment.

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USI Blackboard Login Page: Use your MyUSI Login


Note: The 3rd Edition of the text is an adequate substitute.


Course Description

In this course, I will teach you to increase your company’s profitability by applying economic analysis to a wide array of business problems. A problem-solving approach will be used to achieve this objective. This approach will encourage us to focus on the application of economic tools rather than allowing ourselves to settle for a purely theoretical understanding.

Our analytical framework will rest upon two building blocks. The first is that the Rational Actor Paradigm can aptly characterize human behavior. This fundamental assumption of neo-classical economic analysis states that people behave rationally, optimally and self-interestedly. Secondly, the art of business is moving assets from lower valued uses to higher valued uses. By applying these two ideas, we will work to achieve a series of course goals as outlined below.

Note: These assumptions are building blocks for our basic approach. The neo-classical approach is not the only approach to economics and is certainly not universally accepted. I am offering these assumptions simply as a starting point for our analysis and not as a provider of “the” answer.

Course Objectives:

After completing this class, you should be able to:

- Use the rational-actor paradigm to predict firm and individual behavior (and know its limitations)
- Compute the relevant costs of any decision
- Use marginal analysis to make extent (how much) decisions
- Make investment decisions/choices that increase firm value
- Set optimal prices and price discriminate
- Predict industry-level changes using demand/supply analysis
• Understand the long-run forces that erode profit
• Develop long-run strategies to increase firm value
• Use game theory to predict how your actions influence those of others
• Bargain effectively
• Make decisions in uncertain environments
• Solve the problems caused by moral hazard and adverse selection
• Align individual and division incentives with the goals of the company
• Manage relationships between upstream suppliers and downstream retailers
• Find unconsummated wealth-creating transactions and devise ways to profitably consummate them

Romain College of Business Skill Development

This course will help to develop:
   Primary – Critical Thinking, Analytical Problem Solving
   Secondary – Written Communications.

Required Computer Access:

This course will be delivered entirely via the Internet using USI’s Blackboard System. You will need a reliable and fast Internet connection. Note: the reliability of your connection is much more important than speed since all assignments and exams cannot be reentered if your connection is lost. An unreliable Internet connection is not grounds for a make-up.

Also note that USI’s system is not perfect – do not procrastinate and push the time limits on deliverables.

Communication Guidelines:

You should plan to communicate with me and with other classmates regularly throughout the course. Please post any questions to the appropriate class Blackboard Discussion Board topic. These posts will then allow other students from the class and myself to have the opportunity to post responses for the entire class to view.

For individual issues, students should contact me directly by e-mail, telephone (to my office phone), or in person by coming to my office. E-mail messages will normally be answered within 48 hours. All e-mail communications MUST utilize your USI provided (eagles.usi.edu) e-mail address.

Instructor Note –

I do not utilize coaches to help “teach” this class. ALL of your interactions will be directly with me. I will do all grading and I will be the only person responding to questions etc. There are approximately 250 students in this section so please be patient if my grading/responses seem somewhat slow. I will always try to keep everything to a 48-hour turnaround period.

Class Opening – Thursday, January 3rd
Tentative Course Outline: – “First Meeting” – Saturday, January 5th
Complete all readings prior to attempting each assignment

**Introductory Assignment –**

Intro Assignment -- due **Wednesday, January 9th**

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**Module 1**

**Introduction & One Lesson of Business**
Assigned Reading: Textbook: Preface & Chapters 1-2

**Benefits, Costs, Decisions with Uncertainty**
Assigned Reading: Chapters 3 & 17

Assignment #1 due **Sunday, January 13th**

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**Module 2**

**Extent Decisions & Investment Decisions**
Assigned Reading: Chapters 4-5

**Moral Hazard and Adverse Selection**
Assigned Reading: Chapters 19-20

Assignment #2 due **Sunday, January 20th**

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**Module 3**

**Simple Pricing and Auctions**
Assigned Reading: Chapters 6 & 18

**Economies of Scale and Scope**
Assigned Reading: Chapter 7

**Understanding Markets and the Relationships Between Industries**
Assigned Reading: Chapters 8-9

Assignment #3 due **Sunday, January 27th**

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**EXAM #1 -- Chapters 1 – 9, 17 – 20**

Exam #1 must be completed by **Wednesday, January 30th**

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**Case/Project Analysis – Part #1**

Case /Project Analysis Part 1 due by **Sunday, February 3rd**
Module 4

Strategy, Strategy Games and Bargaining
Assigned Reading: Chapters 10, 15, 16

More Realistic and Complex Pricing
Assigned Reading: Chapter 12

Assignment #4 due by Sunday, February 10th

Module 5

Direct and Indirect Price Discrimination
Assigned Reading: Chapters 13, 14

Aligning Incentives of Employees and Divisions with Goals of Firm
Assigned Reading: Chapters 21-23

Assignment #5 due by Sunday, February 17th

EXAM #2 -- Chapters 10, 12 – 16, 21 – 23

Exam #2 must be completed by Wednesday, February 20th

CASE / Project ANALYSIS (Part 2)

Case / Project Analysis – Part 2 is due by Saturday, February 23rd

Grading:

The total points accumulated will determine final grades. The points are distributed as follows:

- Introductory Assignment: 25 points
- Assignments (Homework) (5 @ 20 pts ea.): 100 points
- Exams (2 @ 50 pts. ea.): 100 points
- Case / Project Analysis
  - Part 1: 20 points
  - Part 2: 30 points
- Misc. Class Participation: 25 points

A standard grading scale will be used to determine final letter grades (90%+ for an A, 80-89% for a B, etc.)

Introductory Assignment DUE: Wednesday January 9th – The purpose of this first assignment is to introduce yourself to your instructor and to your classmates. The assignment has two parts –

1. Please post a brief biography to the introductions discussion board on Blackboard (Bb). The purpose of this post is to both introduce yourself and to ensure you have complete access to the course website.
2. Read the post labeled Introductory Assignment on the Bb page. Complete the assignment within the posted Introductory Assignment link. The purpose of this assignment is to ensure you know how to navigate within Bb – and to set up our initial discussion related to thinking/perception.

**Assignments** – Assignments will be comprised of problems taken from your text. All homework / assignments are open book and open notes, but are individual assignments. You may discuss the concepts of the homework problems with your classmates, but do not look at their written homework.

Think of the discussion boards an opportunity to have group assignment discussions. Imagine you are sitting around a large table (very large in our case) discussing the homework problems with your classmates (and me). Use the discussion boards for this purpose. Note - everything you turn in is to be your own work. Learning this material is hard work, and the only way you can learn it is by doing the questions yourself.

**Please note** – I know that the answers, or at least simple versions thereof, are available on the Web. I have read these answers and they are not substitutes for your own efforts. I want to know what you think about the questions for yourself and provide your own insights as to what the answers might entail.

Assignments are due by 11:59 PM on the due date. All homework / assignments will be completed and submitted within Blackboard.

To receive credit, your homework must be submitted on or before the time it is due.

**Case / Project Analysis** – The final project will be a brief case analysis (closely related to the examples provided in Chapter 24). More information will be provided on the analysis in a separate document.

**Exams** – There will be two exams comprised of multiple choice and essay questions. The questions will be of the form found in the homework problems and in the end-of-chapter multiple choice questions. Each exam only covers the chapters identified in the course outline. **Exams will be posted several days prior to the due date.**

The exam MUST be completed by 11:59 PM on the due date (Wednesday).

**Misc. Class Participation** – This class, even though taught in an online environment, is essentially a discussion-driven/oriented course. To help reinforce the concepts from the assigned readings and homework, students are expected to participate in class discussions. Your participation grade will be based on your contribution to the class. There are several ways you may participate -- including:

- Active participation in the discussion boards for each chapter/module. Please post your thoughts/questions/answers.
- Communication with your instructor and classmates –
  - Via e-mail whenever questions/comments arise

There is no “required number” of posts.
Student Responsibilities:

**Time Commitment** –

Prior students inform me that success in this course will require **at least 15-20 hours per week** plus an additional **2 hours** for completion of deliverables. This requirement may influence the time allotted to and performance in other classes. Planning and time management are essential for success in distance learning courses.

Remember, this is a graduate class – what you take away from this course is directly linked to what you put into the course.

**NOTE:** The time requirements for this course will **EXCEED** those of the same course taught via a traditional delivery method.

Students should contact me immediately if they are spending significantly more time than is estimated on assignments. **Students are responsible to keep pace with the schedule of the course.**

**Course Timetable Requirement** –

**Students will not be permitted to accelerate the course.** Deliverables are due during the weeks stated and quizzes and/or examinations must be taken during the allowable timeframe. **I will not consider any requests to either accelerate or decelerate the schedule.**

**On-time Delivery of Assignments / Virus Policy** –

It is the student's responsibility to ensure that a virus-free assignment is delivered on time to the professor. An assignment is considered late if the professor does not receive it by the assigned time and date, even if USI's email system automatically blocks that assignment due to a virus. **Make sure your anti-virus software is up to date.**

**Outline of the Process – Pathway to Success**

What follows are the steps I recommend you follow for each module in this course. I believe that following this guide will greatly increase your probability of success in this course. Every one of you is different, so the process is designed to be flexible. However, please note that I built this on-line course around this process so any significant deviation may lead to problems (in English, I developed this process first, then built the course). Good luck!

Step #1 ➔ Go to the Modules / Course Materials Tab – for each chapter in that module, open and read the Summary Notes for that Chapter. Each summary gives you:

- The Main points – for each chapter in the module
- Some Cautions / Notes
- Links to supplemental materials
Step #2 ➔ Read the chapters in the text for that section – completely.

Step #3 ➔ Review the Chapter Overview, Notes, Text Chapter and then go through all of the ancillary materials (e.g., Videos, Power Point slides, and Readings)

Step #4 ➔ Open and review the module assignment

Step #5 ➔ Check the Blackboard Discussion Board postings for the section. Comment on any postings you wish and post your own questions if necessary.

Step #6 ➔ Complete the module assignment.

Step #7 ➔ Study/Review prior to moving on to next section. Remember, economics is a cumulative discipline. Understanding each section of this course is predicated on understanding of all prior sections.

Step #8 ➔ Repeat. Move on to the next section/module.

Miscellaneous:

**Academic Honesty:**

Academic dishonesty in this class including plagiarism, cheating, submitting another person’s material as one’s own, or doing work for which another person will receive credit will subject a student to disciplinary action as outlined in the Student Rights and Responsibilities: A Code of Student Behavior. If you are found guilty of academic dishonesty in this class, you will receive a grade of “F” for this course and you may be dismissed from your degree program and possibly from the University.

**Disability Support Services:**

If you have a disability for which you may require academic accommodations for this class, please contact Disability Resources at 812-464-1961 or email Ronda Stone at rfstone@usi.edu as soon as possible. Students who are approved for accommodations by Disability Resources should request their accommodation letter be sent to their online instructors. Due to the nature of online courses some accommodations approved for on campus courses may not apply. Please discuss this with Disability Resources to clarify as needed.

Students who receive an accommodation letter from Disability Resources are encouraged to discuss the provisions of those accommodations with their professors before or during the first week of the semester.

For more information, please visit the Disability Resources website at [http://www.usi.edu/disabilities](http://www.usi.edu/disabilities).

**IT Help Desk Support**

Since your professors are not trained as technology experts, they will not be able to assist you with your technical needs. Please contact the Help Desk at (812) 465-1080 or send an email to [it@usi.edu](mailto:it@usi.edu) for technical support. To learn more about the USI helpdesk, please visit [http://www.usi.edu/distance/students/current/help-desk](http://www.usi.edu/distance/students/current/help-desk)
Blackboard Support
If you would like to speak to a support technician, you can call (812) 465-1080 during normal USI business hours (8am-4:30pm, Monday-Friday). Click on the following link for more FAQ about Blackboard http://www.usi.edu/it/blackboard-online-help/faq-for-students.

APA Style Guidelines
http://usi.libguides.com/citingsources

David L. Rice Library
http://www.usi.edu/library

Title IX Support:
USI does not tolerate acts of sexual misconduct, including sexual harassment and all forms of sexual violence. If you have experienced sexual misconduct, or know of someone who has, the University can help. It is important to know that federal regulations and University policy require faculty to promptly report incidents of potential sexual misconduct known to them to the Title IX Coordinator to ensure that appropriate measures are taken and resources are made available. The University will work with you to protect your privacy by sharing information with only those who need to know to ensure we can respond and assist. If you are seeking help and would like to speak to someone confidentially, you can make an appointment with a counselor in the University Counseling Center. Find more information about sexual violence, include campus and community resources at www.usi.edu/stopsexualassault.

Due Date Summary:

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Course Changes:
The professor reserves the right to make changes to this syllabus subject to reasonable notice. Any changes will be sent via e-mail and posted to Blackboard.