MANAGERIAL ECONOMICS
Marquette University

Room: Straz Hall 375
Tuesday: 5:30 p.m. – 8:30 p.m.

ECON 6100-701
Spring 2016

CONTACT INFORMATION:
Instructor: Maurizio Azzarello
Office: Straz Hall 685
Phone: 414-288-8043
Mobile: 414-243-2064 (call or text)
E-mail: maurizio.azzarello@marquette.edu
Office Hours: Tuesday and Thursday 12:30 – 2:00 p.m., or by appointment
You can expect an answer from me the same business day, often within the hour. It’s quicker to contact me by e-mail and/or mobile phone.

Graduate Assistant: Nick Beihoff
E-mail: nicholas.beihoff@marquette.edu
Office: Straz Hall 012
Office Hours: Monday, Wednesday, and Thursday 2:00 – 4:00 p.m., or by appointment

COURSE DESCRIPTION AND GOALS
This course is intended to teach you how to use the tools and logic of applied microeconomics (principally through Froeb’s Managerial Economics), together with quantitative and statistical methods (Studenmund’s Using Econometrics), to make effective managerial decisions. The focus is to understand and predict economic behavior of consumers, firms, and industries by examining decision-making in real-world problems.

If you do the work that is required in this class, you will be able to use economics to solve these business problems:

- Understand the factors that influence demand for a firm and a market.
- Analyze and forecast the demand function for a particular product using the standard statistical tools employed by economists.
- Understand the factors that influence a firm’s productivity and costs for a specific product.
- Conduct a linear breakeven analysis on a particular product, and also a nonlinear profit optimization on the same product using the tools of differential calculus.
- Determine the market structure under which a specific firm operates.
- Be exposed to managerial decision-making even in the absence of correct or sufficient information.

REQUIRED CLASS MATERIAL:

Previous editions are permitted. The content should be essentially the same. You may want to check with someone that has the latest edition regarding problems at the end of each chapter.

Course Management: D2L will contain the latest schedule along with an agenda, lectures notes, practice problems and answer keys, articles and papers for required reading, and miscellaneous reference materials.

Statistical Software: EViews is a statistical software package that will be used for econometric analyses for a four-assignment group project. It is available throughout Straz Hall computer stations, or you may purchase it from

Page 1 of 6
Quantitative Micro Software. It is acceptable to have only one member of the team to have access to EViews.

DELIVERABLES AND GRADING:
Your final grade will be determined as follows:

- Individual Assignments (best 6 of 8, equally weighted) 50%
- Group Assignments (4, equally weighted) 40%
- Participation/Preparation 10%

**Individual Assignments:** Each assignment will consist of short-answer problems. There may be multiple-choice questions. Each assignment will contain material that was covered during the previous two weeks in the applied microeconomics portion of the course covered in Froeb’s textbook. Individual assignments and their instructions will be available on D2L no later than a week before they are due. You should submit your assignment in your D2L’s dropbox.

**IMPORTANT:** You may find a “disconnect” between the material covered in class, the one that you read, and the questions on an individual assignment. This is not inconsistent with a graduate-level core course. In addition to the expected problem-solving techniques, and your familiarity with problems shown on practice problems or during class, you will also encounter instances that require intuition, improvisation, and risk-taking. This is done by design and it should not surprise you.

To make sure that you understand the material, and that you are ready to answer questions for individual assignments, you should try answering the questions at the end of each chapter that specifically relate to your required reading. First try these questions on your own. If you cannot do them, you need help in the class. Ask questions in class. Ask questions of your classmates. Explain your answers to your friends or classmates. There is an old saying in economics—you never learn economics until you teach it to someone else. Get help from me, from classmates or from the GA. Do not expect anyone to give you the answers or to verify that you have the right answer. Learning this material is hard work, and the only way you can learn it is by doing the questions yourself. If you cannot answer the question in less than 250 words, then you don’t understand the question.

You may discuss these assignments with your classmates, but you may not look or copy their work. All work submitted must be your own. These individual assignments will be open-book, open-note assessments limited to the current course material, unless otherwise stated. No other resources are permitted. When outside sources are permitted be sure that they are cited appropriately. Any deviation from these guidelines is a violation of the Honor Code.

**Group Assignments:** At the beginning of the semester, three- and four- person teams will be formed to work on a project that will be broken down into four phases. The objective is for you to examine a specific product line, and then consider the impact of both macroeconomic and microeconomic factors on the demand for that product line. It is typical for teams to choose some product from a company of one of the team members.

The group assignments are intended to integrate the economic, mathematical, and statistical tools that will be covered during the semester from Studenmund’s econometrics textbook.

The assignments will cover a variety of subjects, and they will take the form of a narrative that is supported by econometric analysis, and duly documented with graphs, tables, and economic reasoning. The project will essentially be broken down as follows:

- Group Assignment 1: Introduction of product and company; inventory of data and their sources.
- Group Assignment 2: Setting up a demand function with relevant independent variables, showing needed improvements due to issues such as omitted variables, irrelevant variables, specification bias, and more.
- Group Assignment 3: Detecting and finding remedies for multicollinearity and serial correlation.
- Group Assignment 4: Providing various scenarios for statistically significant forecasts.

Specific instructions for each assignment will be made formally available on D2L no less than two weeks before the due date. However, the requirements will always be described and discussed in class well ahead of time. You should submit the group assignment in your group’s D2L dropbox.

Much as it was stated in the Individual Assignments section, you should seek help to make sure that you understand the practice problems that will be assigned. If you cannot solve these problems on your own, you don’t understand the question, and you will not be able to make a worthwhile contribution for your group assignment.

I expect these assignments to be a collective effort. Unfortunately, shirking is sometimes a problem. I consider shirking to be an example of academic dishonesty. There will be an opportunity for each member of the team to provide feedback that may highlight any possible shirking. As such, I reserve the right to heavily penalize team members that I determine did not contribute an equitable effort. Unfortunately, sometimes I have to exercise this option.

**Participation:** To help reinforce the concepts from the assigned readings and homework, students will be required to participate in class discussions and should expect to be called upon at random. Your participation grade will be impacted by preparedness for class as evidenced by the quality of your answers. Saying “I don’t know” is not a quality answer. Professional classroom behavior and attentiveness is considered a form of participation; please review the Classroom Behavior section. You will also demonstrate that you are participating by liberally commenting during lectures, asking questions, and making meaningful contributions to our discussions. Effective class participation requires the reading and review of the assigned class material. Do not come to class unless you have read and reviewed these materials. Your participation counts for 10% of the final grade, and it will be decided at the end of the semester. While it might be premature, you are free to ask me from time to time how you are progressing in this area so that you may be able to adjust your engagement.

**NOTE:** All written assignments are subject to submission to a plagiarism detection service such as ‘Turnitin.’

**FINAL GRADES** will be assigned according to the following scale:

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<thead>
<tr>
<th>Percentage</th>
<th>Grade</th>
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<tbody>
<tr>
<td>93% - 100.00%</td>
<td>A</td>
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<tr>
<td>88% - 92.99%</td>
<td>AB</td>
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<tr>
<td>83% - 87.99%</td>
<td>B</td>
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<tr>
<td>78% - 82.99%</td>
<td>BC</td>
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<tr>
<td>73% - 77.99%</td>
<td>C</td>
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<tr>
<td>0% - 72.99%</td>
<td>F</td>
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**GRADE APPEALS:**

Grading disputes may arise. If you feel that your work was graded unfairly, you need to make your case in writing, within one week following the return of your work. Otherwise, the grade will stand as originally recorded. I reserve the right to review the entire work, and not just the area being disputed. If you wish to dispute your final grade, there is a process. First you try to resolve the matter with me. If you are not satisfied with my decision, there are additional levels of appeal starting with the Chair of the Economics Department.

**CLASS ATTENDANCE:**

Absences are considered “excessive” when you miss 10-15 percent of the regularly scheduled class time. If the problem is severe, I reserve the right to withdraw you from class. However, I will not be taking attendance in that I recognize that many of you are also working and may need to travel, or be absent for a family emergency or
commitment. Should you be forced to miss a class, so be it. Just be sure that you are not excessively absent. When you are not present, you should also get the notes from a friend and meet whatever obligations you may have. When you are absent, you won’t have as many opportunities to participate; however, these will not count against you.

DURING CLASS:
1. Students are expected to avoid carrying on private conversations, reading newspapers or working on personal projects. Your undivided attention is required.
2. You may discretely use your smartphones as you see fit. I recognize that you have family obligation, work responsibilities, and more. Again, be discrete, but feel free to use it as you see fit. You may step out of class at any time if necessary to answer a call or make one.
3. I favor and strongly encourage note-taking by hand. The use of recording devices for note taking is strictly prohibited.

ACADEMIC INTEGRITY:
I expect you to conduct yourself in a professional and moral fashion befitting a graduate student at a Jesuit institution. Academic dishonesty will not be tolerated in this class. The most recent edition of the Marquette University Graduate Bulletin describes academic honesty as follows:

> Academic honesty can be best understood by academic ethical standards guiding faculty in their work. That is to say, an individual’s contributions, in terms of words and scholarly findings, belong to him or her alone. Furthermore, the integrity of that which one claims to be scholarly knowledge rests on the accurate demonstration of the assumptions and reasoning that produced it. These standards are used as the implicit basis for teaching and learning in the university.

It also states that:

> Students have responsibility for:
> 1. Refraining from cheating and plagiarism.
> 2. Refusing to aid or abet any form of academic dishonesty.
> 3. Notifying professors and/or their adviser about observed incidents of academic misconduct. The anonymity of a student reporting an incident of academic dishonesty will be protected to the extent permitted by law.

The Bulletin gives numerous examples of academic dishonesty related to cheating, dishonest conduct, plagiarism, and collusion. Shirking in team projects falls in this category as well. My expectation is that you are familiar with these examples as well as the consequences for academic dishonesty.

I believe that most students enrolled in Marquette’s graduate programs have a strong moral compass that prevents them from engaging in this type of activity. However, for those who might be considering dishonest behavior, I still believe that they respond to incentives (i.e., you compare expected marginal benefits and expected marginal costs). To minimize the likelihood that you will engage in such activity, please rest assured that I would push for the harshest possible consequences, should you be found to have behaved dishonestly.

SPECIAL NEEDS:
Please inform me during the first week of class if you have any conditions that may limit or affect your ability to participate in this course so that we can make necessary arrangements. You may also contact the Office of Student Disability Services, in 5th Floor of the 707 Building, 005 (8-1645) for more information (see also: http://www.marquette.edu/disability-services/).
The Office of Student Disability Services can help you with test proctoring for students with documented disabilities. Please see this site for more information: http://www.marquette.edu/disability-services/testproctoring.shtml.

EMERGENCY PLAN:
Every Marquette University campus building has emergency shelter and evacuation plans. Please familiarize yourself with the plans of each building in which you take classes or attend meetings. Make sure to note the routes to the lowest level of the buildings for shelter during inclement weather, as well as exits from the buildings in the event of fire or other emergency.

COLLEGE OF BUSINESS ADMINISTRATION ASSESSMENT STATEMENT:
The fundamental mission of the College of Business Administration is to provide a quality education grounded in Catholic, Jesuit intellectual values. Students are expected to learn how to function effectively in a diverse and global economy and develop into responsible members of the business community. As one of many methods of assuring that the goals of our educational mission are successfully met, the college regularly and systematically engages in the assessment of these competencies.

Students in our MBA programs are also assessed on their competency to communicate effectively, reason ethically and apply critical thinking, as well as their capacity to comprehend the global strategic issues of firms and perform fundamental activities of business managers. Students in our other graduate programs are assessed on specific competencies related to their disciplines.

Assessment takes place each semester in all programs and settings using quantifiable measures to gather and analyze information to help continuously improve the educational process. The College of Business Administration is dedicated to successfully providing a quality education for all students. Assessment is the continuous improvement process of evaluating our success. More information on assessment can be found at (http://www.marquette.edu/assessment/) or in the assurance of learning tabs under http://business.marquette.edu/academics/assurance-of-learning-graduate or http://business.marquette.edu/academics/assurance-of-learning-graduate

The College of Business Administration MBA’s learning outcomes:
1. Perform the fundamental activities of business.
2. Communicate effectively in a business setting.
3. Explain the global strategic issues facing a corporation.
4. Apply ethical reasoning to business situations.
5. Apply critical thinking skills to managerial decisions.

COURSE CALENDAR:
The calendar below is just an overview and it shows (1) the due dates for all the assignments, and (2) the chapters from both textbooks that will be covered during class. A more detailed weekly calendar will be published on D2L. In it, you will find the exact page numbers to read. We are almost never going to cover the entire chapter, and even if we do, you will only be held accountable for specific portions.

Froeb only: The weekly calendar on D2L will also indicate ways to reinforce the required reading, including PowerPoint presentations and links to video clips. Other material may be included, such as handouts that we will use in class, and newspaper articles or scholarly papers that will be used during our discussions in class.

The weekly calendar on D2L will make available documents with detailed instructions for your individual assignments and your group assignments. Again, remember that you are expected to view/read these materials before coming to class.

Page 5 of 6
<table>
<thead>
<tr>
<th>WEEK</th>
<th><strong>applied microeconomics (Froeb)</strong></th>
<th><strong>econometrics (Studenmund)</strong></th>
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* Common Break, 7:00 - 7:30 p.m.
† NO CLASS - Easter Break
‡ NO CLASS - Instructor’s Absence
§ NO CLASS