

Darren Grant—please call me Darren!
ECON 5313, Managerial Economics
331 Business Bldg.; 817 272-3286
dgrant@uta.edu

Class Meets 5:30-7:50 MW
in Room 147 Business
Office Hours: I'll be around most
every Mon. and Wed. afternoon,
except when I'm out recruiting—so
call first and make sure I'm in.

I'm missing "The West Wing" for this so we had better have a good time.

In this class, I try to communicate the basic insights that economics offers managers in making fundamental business decisions. The class is separated into two units. In the first, we examine the relationship between the firm and the customer: pricing and production decisions in competitive and non-competitive markets. In this unit you should learn how firms optimally choose the price to charge, how much to produce, and how to produce it; you should also learn to appreciate how the choices made by firms are influenced by the market environment in which they find themselves. In the second unit, we examine organizational issues that are internal to the firm—what the book calls "organizational architecture." The analysis of organizational architecture is motivated by the observation that actors within the firm—employees, managers, or divisions—sometimes act in ways that are contrary to the firm's best interests. We will study how changes in incentives and decision rights can ameliorate this problem. Improvements in organizational architecture help firms operate more efficiently, so they can better serve the customer and earn more profit at the same time. At the same time, the choice of organizational architecture depends on the firm's market environment—a continuation of the theme developed in the first unit of material.

This class is intended to be *broad in scope*, in that it emphasizes ways of thinking about and analyzing business situations, rather than the accumulation of facts; and *complementary to your other classwork*, in that it provides an economic framework for thinking about issues that arise in accounting, marketing, and management classes. I believe the ideas presented in this class are applicable across a broad range of applied situations, and hope to show that in the readings, lectures, and homeworks.

The textbook is Brickley, Smith, and Zimmerman, *Managerial Economics and Organizational Architecture*. The prerequisite is some knowledge of micro principles, obtained either through undergraduate principles of microeconomics; ECON 5311, Economic Analysis, in the MBA program; or other means. You should bring to this class basic knowledge of demand, costs, and the workings of the perfectly competitive market. We will review much of this material the first day of class. In the first unit of material, the material (and homework problems) require some mathematical aptitude (algebra, graphing).

I use three methods of pedagogy in class: lecture, working problems, and discussing articles or real-life situations. For the typical class, I will lecture until roughly 6:50. Then we'll take a ten minute break, and spend 7:00-7:50 discussing homework problems that have been assigned or readings that illustrate applications of the material being discussed. Each student is expected to come to class regularly, and on time; to work the homework problems conscientiously; to read the assignment readings in the textbook and in addition to the textbook; and to participate, both in class discussion

and by presenting homework problems during the course of the quarter. I and others in the class will benefit from hearing your perspective, or your experiences, concerning the topic at hand.

Grading and Attendance Policies. You will be given two tests. Each will have a take-home component and an in-class component. The take-home component will involve analyzing an article, while the in-class component will probably involve a written question or two in the style of the homeworks. Each will count roughly equally toward your grade on the test. Each test will be graded on an A+, A, A-, B+, ... etc. basis. Then I average the two tests together in the usual way to determine your final grade. An A and a B+, for example, averages to an A-, from which you would get an A for the course (since there are no pluses and minuses in final grades). An A and a B- averages to a B+, from which you would get a B for the course.

If your test average is in between two letter grades, as for example if you have an A- on one test and a B+ on the other, then I will round you up to the higher grade if you have missed no more than two classes (exceptions only for good medical excuses) and have good class participation, and will round you down otherwise. Class participation will include class discussion, homework presentations, homework completion, and discussions of articles. Enthusiasm and the quality of the comments both count toward class participation.

Attendance will be taken for every class. (Full credit for attending a class is given if you arrive by 5:45, ½ credit if you arrive by 6:45, and no credit otherwise.) *I reserve the right to lower grades for poor attendance in the following manner. Students with four unexcused (excused requires a good medical excuse) absences or six absences of any kind will generally not receive a grade higher than B. Students with six unexcused absences or eight absences of any kind will generally receive a one-letter-grade penalty on their final grade. Students with seven or more unexcused absences, or more than eight absences of any kind, will generally not receive a passing grade for the class. If a medical situation prevents your regular attendance you may need to take an incomplete for the class or withdraw, and should discuss the matter with me.*

Academic Honesty. It is the philosophy of The University of Texas at Arlington that academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures. Discipline may include suspension or expulsion from the University.

“Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.” (Regents' Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22)

Much of your grade comes from take home tests. The rule to remember on those is simple—just don't say anything to anyone or ask anyone anything about these tests but myself. As in never, ever, no way, no how.

Grade Grievances. You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are department chair, academic dean, and the Provost.

Make-up Exams. Let's not go down this road unless we really, really need to. Big stuff like death or serious illness (yours or family) is excused with documentation; other stuff is at my discretion.

Drop Policy. It is the student's responsibility to complete the course or withdraw from the course in accordance with University Regulations. Students are strongly encouraged to verify their grade status before dropping a course after the first withdrawal date. A student who drops a course after the drop date will receive an "F" in the course if the student is failing at the time the course is dropped.

Final Review Week. Final Review Week Policy isn't a problem since I won't assign any graded work during the second half of the class other than the final exam.

Nonpayment of Fees. Students who have not paid by the census date and are dropped for non-payment cannot receive a grade for the course in any circumstances. Therefore, a student dropped for non-payment who continues to attend the course will not receive a grade for the course. Emergency loans are available to help students pay tuition and fees. Students can apply for emergency loans by going to the Emergency Tuition Loan Distribution Center at E.H. Hereford University Center (near the southwest entrance).

Bomb Threats. Effective April 8, 1997, the College of Business Administration has adopted a policy to deal with the classroom disruption caused by bomb threats in the building. (A) Section 22.07 of the Texas Criminal Law Statutes governs terrorist threats and classifies bomb threats as Class A misdemeanors. Section 12.21 of the Texas Criminal Law Statutes states that a Class A misdemeanor is punishable by (1) a fine not to exceed \$4,000, (2) a jail term of not more than one year, OR (3) both such a fine and confinement. (B) If anyone is tempted to call in a bomb threat, be aware that UTA will soon have technology to trace phone calls. (C) Every effort will be made to avoid cancellation of presentation/tests caused by bomb threats to the Business Building. Unannounced alternate sites will be available for these classes. If a student who has a class with a scheduled test or presentation arrives and the building has been closed due to a bomb threat, the student should immediately check for the alternate class site notice which will be posted on/near the main doors on the south side of the Business Building. If the bomb threat is received while class is in session, your instructor will ask you to leave the building and reconvene at another location. (D) Students who provide information leading to the successful prosecution of anyone making a bomb threat will receive one semester's free parking in the Maverick Garage across from the Business Building. Hey, we're the last of the big spenders! UTA's Crimestoppers will provide a reward to anyone providing information leading to an arrest. To make an anonymous report, call 817-272-5245.

ADA Compliance. It is my obligation and my pleasure to provide reasonable accommodation to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels.

Cell Phones. All beepers, pagers and cell phones must either be turned off prior to class starting or placed in silent mode. Violators have to sing "Feelin' Groovy" in front of the class.

June

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
			29 May Review of Demand, Costs, and Perfect Competition (Ch. 4, 5)			1 Mark Chesnutt at Billy Bob's (optional)
2	3 Advanced Costs (Ch. 5)	4	5 Market Structure (Ch. 6)	6	7	8
9	10 Exercises and Readings #1	11	12 Oligopoly and Strategy (Ch. 6)	13 Lyle Lovett in Grande Prairie (optional but highly recommended)	14	15
16	17 Pricing (Ch. 7)	18	19 Price Discrimination (Ch. 7)	20	21	22
23	24 Creating and Capturing Value (Ch. 8)	25	26 Exercises and Readings #2 <i>Take Home 1 Assigned</i>	27	28	29

July

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
	1 <i>Take Home 1 Due</i> <i>In-class Portion of Test 1</i>	2	3 Incentive Problems and Organizational Architecture (Ch. 10, 11)	4 Independence Day	5	6
7	8 Economics of Competitive Labor Markets (Ch. 14)	9	10 Internal Labor Markets (Ch. 14)	11	12	13
14	15 Incentive Pay (Ch. 15, with Ch.'s 12 and 16 as background)	16	17 Exercises and Readings #3 <i>Take Home 2 Assigned</i>	18	19	20
21	22 Vertical and Horizontal Integration (Ch. 17, 18)	23	24 <i>Turn in Take Home 2</i> <i>In-class Portion of Test 2</i>	25	26	27
28	29	30	31			