

# The University of Oklahoma

## College of Continuing Education

### Advanced Programs – Course Syllabus

**Course Title:**

Managerial Economics I

**Course Number:**

ECON 5033-109

**Course Description:**

The course emphasizes practical applications of economic theory and techniques to business problems. The major topics to be covered include quantitative demand analysis, consumer behavior, production and cost analysis, optimal output and pricing decisions in alternative industry structures, strategic behavior in the oligopoly market, risk analysis and managerial incentives. Real world examples will be utilized to demonstrate the theoretical models developed in class.

**Class Dates, Location and Hours:**

Dates: January 30-February 5, 2017

Location: Washington, D.C. Liaison Office - 2189 Crystal Plaza Arcade, Arlington, VA, 22202.

Hours: Monday - Friday 6:00 p.m.-9:30 p.m.; Saturday 8:00 a.m.-4:30 p.m.; Sunday 8:00 a.m.-12:00 p.m.

Last day to enroll or drop without penalty: January 1, 2017

**Site Director:**

Email: [apwashington@ou.edu](mailto:apwashington@ou.edu). Phone: 703-418-4800.

**Professor Contact Information:**

Course Professor: Georgia Kosmopoulou, Ph.D.

Mailing Address: 104 Fourth Street, Cross Center A, Baker B31  
Norman, OK 73019-2300

Telephone Number: (405) 325-3083

Email Address: [georgiak@ou.edu](mailto:georgiak@ou.edu)

Professor availability: The professor will be available via email to students before and after the class sessions. On-site office hours are half an hour before and after each class session, by appointment.

**Textbook(s) and Instructional Materials:**

Student materials are available at the OU Follett Bookstore located at 1185 Asp Avenue; Norman, OK, and can be ordered online, by phone, by email, or by fax. Ordering online at <http://www.bkstr.com/oklahomastore/home> is strongly recommended – students can track the status of their order within 48 hours. If an order has not been shipped within three days, students can contact the Follett textbook manager by phone (405) 325-3511, (800) 522-0772 (toll-free) or email [0831mgr@fheg.follett.com](mailto:0831mgr@fheg.follett.com). Phone orders (ask for the textbook manager and identify yourself as an Advanced Programs student) can be placed 8 a.m. to 6 p.m. Monday through Thursday; 8 a.m. to 5 p.m. on Friday; 10 a.m. to 4p.m. on Saturday (CST). Summer hours: 9 a.m. to 5 p.m. Monday through Friday (CST). Fax orders can be placed 24 hours a day at (405) 325-7770. Text prices are available online.

Allen, W.B., Weigelt, K., Doherty, N.A., & Mansfield, E. (2013). *Managerial economics: Theory, applications, and cases* (8<sup>th</sup> ed.). New York: W.W. Norton. ISBN 9780393912777.

Note: Follett is the Advanced Programs contractual textbook provider. Should text changes become necessary after publication of the course syllabus, Advanced Programs will facilitate text returns/refunds only for texts purchased through Follett.

## Course Objectives:

This course will:

- equip students with some of the quantitative techniques currently used in decision making and in the solution of business problems. Use optimization rules and optimization techniques in business situations;
- demonstrate how managers can apply the economic concepts and models to real-world problems;
- discuss economic issues and possible economic policies which can be used to solve them; and
- use economic models, techniques, and concepts to analyze firm behavior using a case study approach.

## Course Outline:

1. Introduction to Managerial Economics: Chapter 1.
2. Demand and Forecasting: Demand Theory, Consumer Behavior and Rational Choice, Estimating Demand Functions, and Business Economic Forecasting; Chapters 2, 3 and 4.
3. Production and Cost: Production Theory, Technological Change and Industrial Innovation, Analysis of Costs; Chapters 5 and 6.
4. Market Structure Strategic Behavior and Pricing: Perfect Competition, Monopoly and Monopolistic Competition, Oligopoly, Price Discrimination, Bundling, Game Theory, Auctions; Chapters 7, 8, 9, 10, 11, 12 and 13.
5. Risk Analysis and incentives: Risk Analysis, Principal-Agent issues; Chapters 14 and 15.

## Assignments, Grading and Due Dates:

### Homework:

The student will have to work through the following problems from each assigned chapter.

Assigned Chapter	Problems
Chapter 2	3, 5, 7, 10
Chapter 3	1, 7, 8, 9
Chapter 4	1, 5, 9, 12
Chapter 5	1, 3, 7
Chapter 6	4, 6, 9
Chapter 7	1, 3, 4, 5, 6
Chapter 8	1, 3
Chapter 9	2, 5
Chapter 10	2
Chapter 11	2, 3
Chapter 12	All
Chapter 13	All

We will discuss selectively some of them in class. Your contribution to this discussion will determine **10% of your final grade.**

### Other in-class Assignment:

The students will have to do a study of a real world problem of interest to them. They will have to provide rigorous analysis of a problem using the analytical tools learned in this course. The analysis could be based on articles from the Wall Street Journal or other sources discussing an economic issue. I encourage you to look into google scholar to research scientific articles. The presentation of the analysis in class will determine **20% of the grade.**

**Exam:**

The final exam will be worth **70% of the grade.**

**Due Dates:**

The students should read the material beforehand and solve the problems at the end of each chapter. They should also look for a real world economic issue of interest to them ahead of time that they could discuss in the classroom.

**Grading:**

This is a letter-graded course: A, B, C, D, or F.

**Notice:** Failure to meet assignment due dates could result in a grade of I (Incomplete) and may adversely impact Tuition Assistance and/or Financial Aid.

## **POLICIES AND NOTICES**

### **Attendance/Grade Policy**

Attendance and participation in interaction, individual assignments, group exercises, simulations, role playing, etc. are valuable aspects of any course because much of the learning comes from discussions in class with other students. It is expected that you attend all classes and be on time except for excused emergencies.

Excused absences are given for professor mandated activities or legally required activities such as emergencies or military assignments. It is the policy of the University to excuse absences of students that result from religious observances and to provide without penalty for the rescheduling of examinations and additional required class work that may fall on religious holidays. Unavoidable personal emergencies, including (but not limited to) serious illness; delays in getting to class because of accidents, etc.; deaths and funerals, and hazardous road conditions will be excused.

If you are obtaining financial assistance (TA, STAP, FA, VA, Scholarship, etc.) to pay all or part of your tuition cost, you must follow your funding agency/institution's policy regarding "I" (Incomplete) grades unless the timeline is longer than what the University policy allows then you must adhere to the University policy. Students who receive Financial Aid must resolve/complete any "I" (Incomplete) grades by the end of the term or he/she may be placed on "financial aid probation." If the "I" grade is not resolved/completed by the end of the following term, the student's Financial Aid may be suspended making the student ineligible for further Financial Aid.

Students are responsible for meeting the guidelines of Tuition Assistance and Veterans Assistance. See the education counselor at your local education center for a complete description of your TA or VA requirements.

### **Academic Integrity and Student Conduct**

Academic integrity means honesty and responsibility in scholarship. Academic assignments exist to help students learn; grades exist to show how fully this goal is attained. Therefore all work and all grades should result from the student's own understanding and effort.

Academic misconduct is any act which improperly affects the evaluation of a student's academic performance or achievement. Misconduct occurs when the student either knows or reasonably should know that the act constitutes misconduct. Academic misconduct includes: cheating and using unauthorized materials on examinations and other assignments; improper collaboration, submitting the same assignment for different classes (self-plagiarism); fabrication, forgery, alteration of documents, lying, etc...in order to obtain an academic advantage; assisting others in academic misconduct; attempting to commit academic misconduct; destruction of property, hacking, etc...; intimidation and interference with integrity process; and plagiarism. All students should review the Student's Guide to Academic Integrity at [http://integrity.ou.edu/students\\_guide.html](http://integrity.ou.edu/students_guide.html)

Students and faculty each have responsibility for maintaining an appropriate learning environment. All students should review policies regarding student conduct at <http://studentconduct.ou.edu/>

### **Accommodation Statement**

The University of Oklahoma is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your local OU Site Director.

### **Adjustment for Pregnancy/Childbirth-Related Issues**

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact me as soon as possible to discuss. Generally, modifications will be made where medically necessary and similar in scope to accommodations based on temporary disability. Please see <http://www.ou.edu/content/eoo/faqs/pregnancy-faqs.html>.

## **Title IX Resources**

For any concerns regarding gender-based discrimination, sexual harassment, sexual misconduct, stalking, or intimate partner violence, the University offers a variety of resources, including advocates on-call 24/7, counseling services, mutual no-contact orders, scheduling adjustments, and disciplinary sanctions against the perpetrator. Please contact the Sexual Misconduct Office at [smo@ou.edu](mailto:smo@ou.edu) or (405) 325-2215 (8-5), or the Sexual Assault Response Team at (405) 615 -0013 (24/7) to report an incident. To learn more about Title IX, please visit the Institutional Equity Office's website at <http://www.ou.edu/content/eoo.html>

## **Course Policies**

Advanced Programs policy is to order books in paperback if available. Courses, dates, and professors are subject to change. Please check with your OU Site Director. Students should retain a copy of any assignments that are mailed to the professor for the course. Advanced Programs does not provide duplicating services or office supplies.

Any and all course materials, syllabus, lessons, lectures, etc. are the property of professor teaching the course and the Board of Regents of the University of Oklahoma and are protected under applicable copyright.

For more information about Advanced Programs, visit our website at: <http://www.goou.ou.edu/>

## INSTRUCTOR VITA

Georgia Kosmopoulou

### Education

- 1996 University of Illinois at Urbana Champaign Ph.D., Economics
- 1992 University of Illinois at Urbana Champaign M.Sc., Economics
- 1989 University of Piraeus, Greece, B.A., with honors, Economics

### Current Positions

- Professor, Department of Economics, University of Oklahoma
- Edith Kinney Gaylord Presidential professor

### Frequently Taught Advanced Programs Courses

ECON 5033 Managerial Economics I (Micro)

### Major Areas of Teaching and Research Interest

- Managerial Economics I and II
- Microeconomic analysis
- Industrial Organization
- Public Economics

### Representative Publications and Presentations

#### Journal Articles

- “Customer Poaching, Coupon Trading and Consumer Arbitrage,” (with Q. Liu and J. Shuai) *Journal of Economics*, 118, 2016, p. 219-238.
- “Price Adjustment Policies and Firm Size,” (with X. Zhou and C. Lamarche), *Economic Inquiry*, 54, 2016, p. 895-906.
- “Auctions with Resale Opportunities: An Experimental Study,” (with C. Jog) *Economic Inquiry*, 53, 2015, p. 624-639.
- “Experimental evidence on the performance of emission trading schemes in the presence of an active secondary market,” (with C. Jog) *Applied Economics*, 46, 2014, p. 527-538.
- “Price Adjustment Policies in Procurement Contracting: An Analysis of Bidding Behavior,” (with X. Zhou) *Journal of Industrial Economics*, 62, 2014, 77-112.
- “The Impact of timing on bidding behavior in procurement auctions of contracts with private costs,” (with D. G. De Silva, B. Pagel and R. Peeters) *Review of Industrial Organization*, 42, 2013, p. 321-343.
- “Survival of Contractors with Previous Subcontracting Experience,” (with C. Lamarche and D. G. DeSilva) *Economics Letters*, 117, 2012, p. 7-9.
- “Disadvantaged Business Enterprises Goals in Government Procurement Contracting: an Analysis of Bidding Behavior and Costs,” (with D. G. De Silva and T. Dunne and C. Lamarche) *International Journal of Industrial Organization*, 30, 2012, p. 377-388.
- "Bidding off the Wall in Common Value Auctions," *International Journal of Economic Theory*, 7, 2011, p. 217-230
- “The Effect of Information on the Bidding and Survival of Entrants in Procurement Auctions” (with D.G. De Silva and C. Lamarche) *Journal of Public Economics*, 93, 2009, p. 56-72.
- "The Impact of Public Information on Bidding in Highway Procurement Auctions" (with D.G. De Silva, T. Dunne, and A. Kankanamge) *European Economic Review*, 52, 2008, p.150-181.
- "A Change in the Timing of Auctions with Synergies and its Impact on Bidding Behavior " (with D.G. De Silva, and A. Kankanamge) *Economics Letters*, 95(1), 2007, p. 60-65.
- "The Effect of Shill Bidding upon Prices: Experimental Evidence" (with D.G. De Silva) *International Journal of Industrial Organization*, 25, 2007, p. 291-313.

- “Suburbanization and the Rank-Size Rule,” (with N. Buttry, J. Johnson and A. Kallsnick) *Applied Economics Letters*, 14, 2007, p. 1-4.
- "Stochastic Synergies in Sequential Auctions" (with D.G. DeSilva and T.D. Jeitschko) *International Journal of Industrial Organization*, 23, 2005, p. 183-201.
- “A Classroom Exercise: Voting by Ballots and Feet” (with R. Hewett, C.A. Holt, C. Kymn, C.X. Long, S. Mousavi and S. Sarangi,) *Southern Economic Journal*, 72(1), 2005, p. 253-263.
- “Auctions with Shill Bidding,” (with I. Chakraborty) *Economic Theory* 24, 2004, p. 271-287.
- “Bidding in Sequential Auctions: 'Catalogue' vs. 'Order-of-Sale' Effects,” (with G. Deltas) *Economic Journal* 114, 2004, p. 28-54.
- “An Empirical Analysis of Entrants and Incumbents Bidding in Road Construction Auctions,” (with D. De Silva, and T. Dunne) *Journal of Industrial Economics*, September 2003, 51(3), p. 295-316.
- “Sequential Bidding in Auctions of Construction Contracts,” (with D. De Silva, and T. Dunne) *Economics Letters* 76, 2002, p. 239-244.
- “Efficient Bayesian Mechanisms for Collective Goods: Is a Deficit Inevitable?” *Journal of Public Economic Theory*, 3 (4), 2001, p. 527-549.
- “Auctions with Endogenous Entry,” (with I. Chakraborty) *Economics Letters* 72, 2001, p.195-200.
- “Dependence in Private Values and Efficiency in Bilateral Trade,” *Economics Bulletin*, 3(9), 2001, p.1-7.
- “Payoff Equivalence between Bayesian and Ex Post Individually Rational Dominant Strategy Mechanisms,” *Economic Theory*, 13, 1999, p. 229-237.
- “The Robustness of the Independent Private value Model in Bayesian Mechanism Design,” (with S.R. Williams) *Economic Theory* 12, (2), 1998, p. 393-421.

#### Book Contributions

“Dependent Beliefs and Bayesian Implementation: A Characterization of Ex Post Efficient Mechanisms,” in *Volume of essays in honour of S. Sarantides*, Eptalofos publications S.A., 2005, p. 593-611.

#### Invited Lectures/Seminar Presentations

- Northeastern University, February 2016.
- Colorado School of Mines, January 2016.
- University of Virginia, October 2015.
- University of California, Merced, September 2015.
- Virginia Polytechnic Institute and State University, September 2015.
- Lancaster University, UK, June 2015.
- Vanderbilt University, December 2014.
- Athens University of Economics and Business, March 2013.
- University of Piraeus, March 2013.
- University of Missouri, December, 2012.
- Drexel University, January 2012.
- University of Vermont, September 2011.

#### International & National Conference Presentations

- Australasia Econometric Society meetings, Sydney, Australia, July 2016.
- 50<sup>th</sup> Canadian Economic Association conference, Ottawa, Canada, June 2016.
- International Industrial Organization Conference, Drexel University, Philadelphia, April 2016.
- CRESSE 2015, Rethymnon, Greece, July 2015.
- VIth International Conference "Contracts, Procurement, and Public-Private Arrangements, Sorbonne Business School, Paris, June 2015.
- Conference on Auctions, Competition, Regulation and Public Policy, Lancaster University, UK, May 2015.
- International Industrial Organization Conference, Boston, April 2015.
- 13<sup>th</sup> Conference on Research on Economic Theory and Econometrics, Milos, Greece, July 2014

- Conference on Auctions, Competition, Regulation and Public Policy, Lancaster University, UK, June 2014.
- International Industrial Organization Conference, Northwestern University Chicago, April 2014.
- Workshop on Public procurement and Concession Design: Theory and Applications, Sao Paulo School of Economics, Sao Paulo, Brazil, March 2014.
- 12<sup>th</sup> Conference on Research on Economic Theory and Econometrics, Naxos, Greece, July 2013.
- International Industrial Organization Conference, Boston, May 2013.
- 11<sup>th</sup> Conference on Research on Economic Theory and Econometrics, Milos, Greece, July 2012.
- International Industrial Organization Conference, Washington DC, March 2012.
- 10<sup>th</sup> Conference on Research on Economic Theory and Econometrics, Milos, Greece, July 2011.
- International Industrial Organization Conference, Boston, April 2011.
- 9<sup>th</sup> Conference on Research on Economic Theory and Econometrics, Tinos, Greece, July 2010.
- American Institute of Chemical Engineers Annual Conference, Salt Lake City, November, 2010.
- 8<sup>th</sup> International Industrial Organization Conference, University of British Columbia, Vancouver Canada, May 2010.

### **Representative Honors and Awards Received**

- Oklahoma Department of Transportation grant, G. Kosmopoulou (PI) \$60,046, 10/21/2013-9/30/2014 (Award # 10531100).
- Outstanding Graduate Professor Award, Department of Economics, University of Oklahoma, 2011.
- University of Vermont and State Agriculture College grant, G. Kosmopoulou (PI), Carlos Lamarche, 1/1/2011-1/31/2011, \$58,760 (AWARD #105213300).
- National Science Foundation, CCLI grant, G. Kosmopoulou (PI), and D. V. Papavassiliou, 5/15/08-4/30/10, \$149,904, (Award # 0737182).

### **Major Professional Affiliations**

- Econometric Society
- American Economic Association