A. **TITLE:** Managerial Economics

B. **COURSE NUMBER:** ECON 314  
**SHORT TITLE:** Managerial Economics

C. **CREDIT HOURS:** 3

D. **WRITING INTENSIVE COURSE:** No

E. **COURSE LENGTH:** 15 weeks

F. **SEMESTER(S) OFFERED:** Fall and Spring

G. **HOURS OF LECTURE, LABORATORY, RECITATION, TUTORIAL, ACTIVITY:** 45 scheduled hours per semester

H. **CATALOGUE DESCRIPTION:** Global case studies from the private, public and nonprofit sectors are utilized to illustrate the application of economic theory and quantitative methods to managerial decision making. Students engage in problem solving exercises that integrate various principles of business, statistics and economics to determine market forecast, pricing strategy, resource usage, and production level. Prerequisites: (ACCT 101 and a student must have met the General Education Requirement in Mathematics) OR ECON 103 OR permission of instructor. GER 3 Approved

I. **PRE-REQUISITES/CO-COURSES:** [ACCT 101 AND GER 1 (Mathematics)] or ECON 103

J. **STUDENT LEARNING OUTCOMES:** Students will be able to:

<table>
<thead>
<tr>
<th>Course Objective</th>
<th>Institutional SLO</th>
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<tbody>
<tr>
<td>a. Identify the goals and constraints encompassed in a managerial decision</td>
<td>2. Crit. Thinking 3. Prof. Competence</td>
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<td>d. Determine the optimal level of resource usage</td>
<td>2. Crit. Thinking 3. Prof. Competence</td>
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<td>e. Construct ranges of production that relate to the various types of returns to scale</td>
<td>2. Crit. Thinking 3. Prof. Competence</td>
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<tr>
<td>f. Determine profit maximizing price and output in each industry structure</td>
<td>2. Crit. Thinking 3. Prof. Competence</td>
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L. **REFERENCES**: As determined by the instructor.

M. **EQUIPMENT**: Statistical software package such as Minitab.

N. **GRADING METHOD**: A - F

O. **MEASUREMENT CRITERIA**: As determined by instructor

P. **DETAILED TOPICAL OUTLINE**: See attached sheet

Q. **LABORATORY OUTLINE**: N/A
DETAILED OUTLINE
ECON 314 - MANAGERIAL ECONOMICS

I. Introduction to Managerial Economics
   A. Goals of Managerial Decisions
      1. Profit Seeking Firm
      2. Public Sector
      3. Non-profit Enterprise
   B. Economic Concepts and Models
      1. Decision Making as Optimizing with Constraints
      2. Opportunity Cost
         a. Extracting Opportunity Cost from Accounting Data
      3. Marginal Analysis in Decision Making
      4. Market Analysis with Supply and Demand
   C. Statistical Analysis of Economic Relationships
      1. Measures of Central Tendency
      2. Measures of Dispersion
      3. Hypothesis Testing
      4. Regression Analysis

II. Demand Analysis and Estimation
   A. Price Elasticity of Demand
      1. Optimal Pricing Policy
   B. Cross Price Elasticity of Demand
   C. Income Elasticity of Demand
   D. Other Elasticity Measures
   E. Estimating Demand
      1. Market Research
         a. Consumer Surveys
         b. Consumer Clinics and Focus Groups
         c. Market Experiments
      2. Statistical Estimation of Demand
         a. Linear Regression Model
         b. Coefficient of Determination
         c. Multiple Linear Regression Model
         d. Statistical Significance of Regression Coefficients
         e. Using Regression Analysis to Forecast Demand

III. Business and Economic Forecasting
   A. Macroeconomic Forecasting
   B. Microeconomic Forecasting
   C. Forecasting Techniques
      1. Qualitative Analysis
      2. Trend Analysis and Projection
      3. Exponential Smoothing
      4. Econometric Models
   D. Forecast Reliability
   E. Selecting a Forecast Technique

IV. Production Analysis and Estimation
A. Short Run Production Theory and Analysis
   1. Total Product
   2. Average Product
   3. Marginal Product
   4. Diminishing Marginal Returns
   5. Relevant Range of Production
   6. Marginal Revenue Product
   7. Optimal Level of a Single Resource
B. Long Run Production Theory and Analysis
   1. Returns to Scale
   2. Isoquant Isocost Model
   3. Marginal Rate of Technical Substitution
   4. Expansion Path
   5. Optimal Levels of Multiple Inputs
C. Estimates of Production Function
   1. Power Production Function (Cobb-Douglas)

V. Cost Analysis and Estimation
   A. Explicit and Implicit Costs
   B. Short Run Costs
      1. Fixed Cost and Average Fixed Cost
      2. Variable Cost and Average Variable Cost
      3. Total Cost and Average Cost
      4. Marginal Cost
   C. Long Run Costs
      1. Total Cost
      2. Marginal Cost
      3. Average Costs
         a. Economics of Scale or Returns to Scale
   D. Breakeven Analysis

VI. Market Structure
   A. Perfect Competition
   B. Monopoly
   C. Monopolistic Competition
   D. Oligopoly

VII. Pricing Practices
   A. Markup Pricing
   B. Price Discrimination
   C. Multiple - Unit Pricing
   D. Multiple Product Pricing
   E. Transfer Pricing

VIII. Capital Budgeting
   A. Classification of Investment Projects
   B. Capital Budgeting Process
      1. Projecting Cash Flows
      2. Evaluating Investment Projects
         a. Net Present Value
b. Internal Rate of Return
  c. Profitability Index
3. Cost of Capital
   a. Debt Financing
   b. Equity Financing
   c. Weighted Cost of Capital
4. Review of Investment Projects - Postaudit

IX. Public Management
   A. Public versus Private Goods
   B. Public Choice Theory
   C. Cost-Benefit Analysis
   D. Cost-Effectiveness Analysis