Course Description

Success in business depends on the positioning of the firm and the management of its resources. Through the lens of economics, students will learn to think systematically and strategically about critical management issues concerning consumer demand, costs, pricing, market competition, and organizational incentives. This course differs from undergraduate microeconomics in its emphasis on how economic principles apply to real-world managerial decisions, with a reliance on quantitative data analyses rather than the use of calculus.

Course Instructors

Professor Jonah Rockoff
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Office Location: Uris 603
Office Phone: 212 854-9799
Office Hours: Wednesdays 9:30-10:30am & 4-5pm

Professor Paolo Siconolfi
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Office Hours: Tues. & Thurs. 4-5pm

Professor Alessandro Citanna
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Office Location: Uris 622
Office Phone: 212 854-5957
Office Hours: Tues. & Thurs. 2-3pm

Class Locations and Schedule

Cluster |
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A |
B |
C |
D |
E |
F |
G |
H |
Professor: |
Citanna |
Rockoff |
Rockoff |
Rockoff |
Siconolfi |
Siconolfi |
Rockoff |
Citanna |
Time: |
10:45AM T/R |
9AM T/R |
4PM T/R |
2:15PM T/R |
10:45AM T/R |
2:15PM T/R |
10:45AM T/R |
9AM T/R |
Location: |
Warren 207 |
Warren 208 |
Warren 208 |
Warren 208 |
Warren 209 |
Warren 207 |
Warren 208 |
Warren 207 |

Teaching Assistants and Review Sessions

Note: Students may attend either of the Friday review sessions, regardless of cluster.

Teaching Assistant: Rebecca Desimone
Email: RDesimone19@gsb.columbia.edu
Friday Review Sessions: 10:45AM in Uris 142

Teaching Assistant: Tamaz Lezhava
Email: TLezhava16@gsb.columbia.edu
Friday Review Sessions: 2:15PM, Uris 303
Evaluation

All core courses are graded on a curve with the following distribution: 20-25% H; 60-70% HP; 10-15% P (or below). In this course, grade determinants and their relative weights are as follows:

Class Participation (20%): In-class discussions are an integral part of the course, and students are expected to contribute to the learning experience of the class by asking relevant questions, offering insights into the topic at hand, and generally behaving in a professional manner. Quality of contribution matters more than quantity.

Class participation scores will also take into account attendance, lateness, and completion of pre-class (Canvas) and in-class (clicker) surveys. Students are expected to attend each class session. Absences from class are only appropriate in cases of illness, personal or family emergency, military service, court appearance or religious observance. Approved absences are granted only by Student Affairs (osa@gsb.columbia.edu), who will then contact faculty on a student’s behalf.

Problem Sets (30%): There are six problem sets but a student’s best 5 of 6 scores count towards the final grade. Problem sets are due before midnight (11:59PM) on Monday nights, as follows.

<table>
<thead>
<tr>
<th>Problem Set:</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic:</td>
<td>Consumer Demand</td>
<td>Cost Analysis</td>
<td>Segmented Pricing</td>
<td>Supply &amp; Demand / Adverse Selection</td>
<td>Game Theory / Auctions</td>
<td>Agency and Incentives</td>
</tr>
<tr>
<td>Due Date:</td>
<td>September 7</td>
<td>September 14</td>
<td>September 21</td>
<td>September 28</td>
<td>October 5</td>
<td>October 12</td>
</tr>
</tbody>
</table>

Problem sets are Type B (see table below). They must be written up and turned in individually but students can discuss concepts with members of their learning team and/or other classmates.

<table>
<thead>
<tr>
<th>Type</th>
<th>Designation</th>
<th>Conceptual Discussion</th>
<th>Preparation of submission</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Group / Individual</td>
<td>Allowed</td>
<td>Individually</td>
<td>Individual</td>
</tr>
</tbody>
</table>

Problem sets are to be submitted via Canvas. Students should upload a single PDF file with their problem set solutions. Submissions will be scored and returned via Canvas.

Partial credit will be given for problem sets turned in within 8 hours of normal deadline in the following manner (determined by time-stamp for upload to Canvas): 20% reduction for any lateness, plus a reduction of an additional 10% per hour, giving partial credit to any assignment turned in before 8:00AM the next day. (For example, the score for an assignment turned in at 2:30AM would be reduced by 20%+25% = 45%.) At 8:00AM the following day, solutions to the problem set will be made available on Canvas, and no more assignments will be accepted. Students are strongly encouraged to turn in their problem sets prior to the due date.

Final Exam (50%): The final exam will take place on October 19th. Students are expected to need 3-4 hours to complete the exam, but we allot 6 hours in order to ensure that time constraints do not affect exam performance. The exam includes a combination of quantitative and qualitative components and is submitted via Canvas, similar to the Problem Sets. Students will be able to work on laptops and have access to their class materials, but use of the internet is strictly limited to downloading exam materials and uploading exam submissions.
Handouts: At the start of each session students will be provided with a handout which accompanies slide presentations. Handouts do not contain all presented material, and students will find it useful to bring a notebook on which to take notes. Copies of handouts, presentations, and any other relevant materials from class will be posted on Canvas after class.

Cases: We will discuss three Columbia Caseworks cases during the semester: General Motors: Relevant Costs of Production (Session 3), Airline Pricing on Shuttle Routes (Session 4), and AMAX Corporation (Session 6). All cases are available online via Canvas. Students should work with their learning teams to analyze case questions and prepare for class discussion.

Practice problems: A set of problems (and their solutions) are posted on Canvas to help students prepare for the problem sets and final exam. Students seeking help with these problems are encouraged to discuss them with the course Teaching Assistants at Friday review sessions.

Video: Video from class sessions will be posted via the Echo system; one video will be posted on each session topic but will vary with respect to the particular cluster recorded. Posted on the Canvas course page you will also find an Excel spreadsheet with links to selected YouTube videos on various topics covered in class which you may find helpful. Additional video may be posted on Canvas for advanced topics that we cannot cover in class but which are of interest.

Textbook: For students who have not taken economics before, textbook readings are likely to be helpful. We recommend readings from two Managerial Economics textbooks: Samuelson and Marks (7th edition) and Froeb et al. (3rd edition). Relevant chapters/pages from this book are given below and links to scans of these pages are provided on Canvas.¹

¹ Several leading textbooks align with the topics covered in class, and students should feel free to choose a different textbook and locate the relevant chapters on their own. Some good alternatives are: Microeconomics by Michael Katz and Harvey Rosen; Microeconomics by Robert Pindyck and Daniel Rubinfeld; Microeconomics: An Integrated Approach by David Besanko and Ronald Braeutigam; and Microeconomics for Managers by David Kreps.
A Note Regarding the Use of Calculus

Many advanced undergraduate and graduate courses in microeconomics use calculus as a means by which to teach essential concepts. When interacting with clients, colleagues, and superiors in the real world of business, the use of calculus is typically a non-starter. Moreover, many real-world business decisions do not come packaged as differentiable functions that lend themselves to solutions with basic calculus, and a purely mathematical approach would be highly complex. Hence, the approach in Managerial Economics is to introduce various concepts and tools without the use of calculus. However, some students who feel comfortable with mathematical abstraction may find it useful to represent economic concepts with calculus. Therefore, from time to time we may post supplemental materials on Canvas that present concepts with the use of calculus. Students are not expected to use these handouts; they are solely intended as extra help for those students for whom calculus makes it easier to understand economics.

Columbia Core Culture

The purpose of the Columbia Core Culture is to promote a consistent classroom environment of mutual respect, preparation and engagement. Our expectation of you in class is to be:

Present: Your success depends on being on time and present for the entire class every session. Attendance will be part of your grade for class participation and students are expected to sit in their assigned seats.

Prepared: Bring your nameplate, clicker, and complete any pre-work needed for class discussion. Expect the professor to cold call in class.

Participating: Active participation calls for no electronic devices such as laptops, smartphones, or tablet computers during class, except if you are told to use them as part of in-class work.