

**ECON 308 - C02**  
**Managerial Economics/Strategy**  
**Summer 2015**

Department of Economics  
George Mason University

**Instructor:** Professor Shuwen Li, [sli13@masonlive.gmu.edu](mailto:sli13@masonlive.gmu.edu)

**Office Hours:** MTWR, 1:00pm-2:00pm, Enterprise Hall 342, or by appointment

**Class:** MTWR, 10:00am-12:15pm, Enterprise Hall 277, Fairfax Campus

### **Course Objectives**

This course aims to introduce an economics-based approach to solve a variety of problems faced by business managers. We build on modern economic theories, such as economics of scale, transaction-cost theory, game theory, and contract theory, to provide possible solutions to managerial decisions including whether to diversify products, whether to perform an activity itself or to purchase it from an independent firm, what strategies to use to compete with rival firms, whether to enter a new market, how to design compensation contracts, etc. Students have the opportunity to apply those tools to real business problems, and improve your presentation and inter-personal skills.

Our primary computer tool will be Excel. Computer demonstrations of Excel will be provided in class when needed.

### **Prerequisites**

ECON 306 Intermediate Microeconomics

### **Texts**

1. (Required) David Besanko, David Dranove, Mark Shanley, and Scott Schaefer. *Economics of Strategy*, 6th ed. Wiley, 2012. ISBN-13: 9781118273630.
2. (Recommended) John McMillan. *Games, Strategies, and Managers: How managers can use game theory to make better business decisions*, Oxford University Press, 1996. ISBN-13: 9780195108033.

Both are available in the GMU bookstore, and on reserve at the school library.

## Grading

Quizzes	15%
Best In-class Midterm	35%
Team Project	50%

- Quizzes (15%)

There will be pop quizzes at the beginning of some classes. I will give a total of seven quizzes, and your best five of the seven will be counted towards your final grade. Each quiz covers the material taught in the previous class. These quizzes will help you gauge your understanding of core concepts, and motivate you to review after each class.

- Best In-class Midterm (35%)

There will be two in-class midterms. The first midterm will be on July 9<sup>th</sup>, and it covers the first half of the course. The second midterm will be on July 23<sup>rd</sup>, and it covers the second half of the course. Each midterm lasts for 1 hour 30 minutes. Your best in-class exam score will be the one that counts towards your final grade. I will not give make-up exams.

- Team Project (50%)

Your team project is to design a solution to a business problem based on what you have learned in class. I will randomly split the whole class into several three-to-four-person teams. Each team will be given a business case, and will have time to discuss during some classes (see course schedule). Each team needs to do an in-class presentation on July 27<sup>th</sup>, and submit a final paper no more than 15 pages typed double spaced including figures and references. The final paper must be sent to me by email no later than 9:00pm on July 29<sup>th</sup>. Late submission will not be accepted. The paper will be evaluated and graded on its content, structure and writing.

Grading of the team project breaks down into the following three parts:

Presentation	20%
Final Paper	20%
Team Assigned Grade	10%
<b>Total Team Project</b>	<b>50%</b>

On July 27<sup>th</sup>, each team has 20 minutes to present their project. You will be graded on the informative value, clarity, the overall style of the presentation, and your ability to answer questions.

The team assigned grade is an average of your team members' assessment of you. I will send out a team member assessment form at the end of the semester, which includes a description of what each team member contributes to the project and a grade from 0 to 10. This assessment must be sent privately to me by email by 9:00pm on July 29<sup>th</sup>, and cannot be shared with other team members.

## Course Policies

- I will take attendance at the beginning of some classes. Although this will not affect your final grade, it is important that you come to class and participate in class activities.
- Since this is an intense summer course, I highly recommend that you take notes in the class to keep concentrated. I will post course materials on Blackboard (<https://mymasonportal.gmu.edu/>) after class.
- Please turn off/silence all phones before class starts. Please be considerate to me and your fellow students. I reserve the right to lower the grade of any student who exhibits disruptive behavior.

## Academic Integrity

George Mason University has an Honor Code, which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee. See <http://oai.gmu.edu/the-mason-honor-code-2/> for more detailed information.

## GMU Email Accounts

Students must use their Mason email accounts to receive important University information, including messages related to this class. See <http://masonlive.gmu.edu/> for more detailed information.

## Office of Disability Services

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 703.993.2474. All academic accommodations must be arranged through the ODS. <http://ods.gmu.edu/>

## Other Useful Campus Resources

- Writing Center: <http://writingcenter.gmu.edu/>
- University Libraries: <http://library.gmu.edu/>
- Counseling and Psychological Services (CAPS): <http://caps.gmu.edu/>

## Enrollment Information

Students are responsible for verifying their enrollment in this class.

Last Day to Add/ Drop (No Tuition Penalty)	July 1 <sup>st</sup>
Last Day to Drop (50% Tuition Penalty)	July 6 <sup>th</sup>
Selective Withdrawal Period*	July 7 <sup>th</sup> -July 13 <sup>th</sup>

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\* For undergraduate degree-seeking students only.

## Tentative Course Schedule

This schedule might undergo some further revision. I will communicate any significant changes via email and in class.

<b>Date</b>	<b>Main Topics</b>	<b>Team Project</b>	<b>Readings</b>
6/29 M	Introduction and overview		Syllabus
6/30 T	Economics primer		Economic primer
7/1 W	Horizontal boundaries	Team formation and case assignment	Chapter 2
7/2 R	Vertical boundaries	Team meeting #1	Chapter 3
7/6 M	Competition		Chapter 5
7/7 T	Entry and exit		Chapter 6
7/8 W	Competing across time		Chapter 7
<b>7/9 R</b>	<b>Midterm I</b> , 1 hr 30mins	Team meeting #2	
7/13 M	Bargaining and auctions		Handouts
7/14 T	Industry analysis		Chapter 8
7/15 W	Strategic positioning		Chapter 9
7/16 R	Information and value creation	Team meeting #3	Chapter 10
7/20 M	Sustaining advantage		Chapter 11
7/21 T	Performance measurement		Chapter 12
7/22 W	Strategy and structure		Chapter 13
<b>7/23 R</b>	<b>Midterm II</b> , 1 hr 30 mins	Team meeting #4	
<b>7/27 M</b>	<b>Team project presentation</b>		
<b>7/28 T</b>	<b>Reading day, no class</b>		
<b>7/29 W</b>	<b>Final paper due</b> by email, no later than 9:00pm		

## Feedback

Students are encouraged to provide me with regular feedback on how you are experiencing the course throughout the semester, either in person after class or by email.