

# BEPP 250: Managerial Economics

## Spring 2021

### Course description

This course introduces you to “managerial economics” which is the application of microeconomic theory to managerial decision-making. Microeconomic theory is a remarkably useful body of ideas for understanding and analyzing the behavior of individuals and firms in a variety of economic settings. The goal of the course is for you to understand this body of theory well enough so that you can effectively analyze managerial (and other) problems in an economic framework.

While this is a “tools” course, we cover many real-world applications, particularly business applications, so that you can witness the usefulness of these tools and acquire the skills to use them yourself. We depart from the usual microeconomic theory course by giving more emphasis to *prescription*: What should a manager do in order to achieve some objective? That course deliverable is to be compared with *description*: Why do firms and consumers act the way they do? The latter is still prominent in this course because only by understanding how other firms and customers behave can a manager determine what is best for him or her to do.

The first major task in the course is the development of the theory of supply and demand underlying the competitive model, which serves as the benchmark for evaluating other market structures. Outside of the purely competitive context, an understanding of demand is essential to many firm decisions including pricing, marketing, and product positioning. The concept of supply and the supply curve provides a valuable framework for thinking about firms’ costs and investment decisions. After presenting the competitive model, we turn to other market structures more like those encountered by real-world firms such as monopoly and oligopoly.

### Lectures

The course is fully remote. We meet twice weekly on Zoom.

Sessions on Monday/Tuesday consist of a lecture introducing new material followed by Q&A. During Q&A, instructors are available to answer your questions. Sessions on Wednesday/Thursday consist of a lecture followed by problem solving. You are expected to first work on the problems on your own; afterwards, we discuss the solution.

The Zoom link for each section is below (also accessible through the Zoom tab in Canvas):

Professor Abito 9-10:30 MW: <https://upenn.zoom.us/j/99315776120>

Professor Abito 10:30-12 MW: <https://upenn.zoom.us/j/98358338770>

Professor Abito 1:30-3 MW: <https://upenn.zoom.us/j/93055642538>

Professor Doraszelski 10:30-12 TR: <https://upenn.zoom.us/j/99388397153>

Professor Doraszelski 12-1:30 TR: <https://upenn.zoom.us/j/92194708253>

Professor Doraszelski 1:30-3 TR: <https://upenn.zoom.us/j/97227630475>

Professor Pakzad-Hurson 12-1:30 TR: <https://upenn.zoom.us/j/93664045144>

Professor Pakzad-Hurson 1:30-3 TR: <https://upenn.zoom.us/j/97446817735>

Although it is advised that you attend your registered sections, all Zoom calls will be recorded and posted.

### **Exams**

There is no midterm or final for the course. Instead, there are (almost) weekly quizzes. Quizzes take place on Friday. You can work on the quiz for the allotted time (between 20 and 40 minutes, depending on the quiz) at any time between 8am and 4pm EST on Friday.

There are nine quizzes over the course of the semester. Please see the schedule below for dates.

Quizzes will be consistent with the problems that we have previously solved in lectures. Mastering the lecture material and these problems is therefore the best way to prepare!

Quizzes are administered through Canvas and consist of multiple choice and short answer questions. Quizzes are open book. You are allowed to use a pocket calculator. No other devices are allowed.

You are expected to ensure that

- the quiz reflects your own work;
- you do not communicate with anybody about the quiz until after the solution has been posted;
- you have complied with the University of Pennsylvania's Code of Academic Integrity in taking the quiz.

Solutions to the quizzes will be posted on Canvas over the following weekend.

You are expected to attend all quizzes. A missed quiz will be assigned zero points. There are no makeup quizzes. You have a 50 minute time slot available on Friday during the recitation that you have registered for. To accommodate students in different time zones and any unforeseen schedule changes, students are allowed to take the quiz at any time between 8am and 4pm EST on Friday.

**Students with disabilities:** Requests for academic accommodations need to be made during the first week of the semester, except under unusual circumstances, to arrange reasonable accommodations. You must register with Student Disabilities Services (SDS) for disability verification and for determination of reasonable academic accommodations.

**Code of academic integrity:** You are expected to review and abide by the University of Pennsylvania's Code of Academic Integrity. Violations of the code carry serious sanctions. We will turn all cases of code violations over to the Office of Student Conduct and reserve the right to impose additional sanctions, including a failing grade for the quiz and the course.

### **Other deliverables**

At various points throughout the semester, we ask you for other deliverables, including a brief math checkup on Friday 1/22. These other deliverables are graded for participation only. Please see the schedule below for due dates.

## **Grading**

Grading is based on the nine quizzes and other deliverables. All other deliverables together carry the same weight as one quiz.

Out of these ten items, we drop the worst two and count the remaining eight items towards the grade. The dropped items also account for any missed quizzes due to a medical or personal emergency or some unavoidable, school-related conflict.

## **Prerequisites**

You need to have taken ECON 1 or ECON 10 or its equivalent. To assist you in reclaiming a level of comfort in taking derivatives and solving algebraic equations, we will post a review of relevant mathematical methods. While it may take some time to become accustomed to applying calculus to real-world problems, it actually makes it significantly easier to learn the basic principles of microeconomic theory. The math checkup on Friday 1/21 is useful to gauge the level of math that is required for the course, and which topics you might need to seek help for.

## **Resources**

**Course website:** The course Canvas site is <https://canvas.upenn.edu/courses/1568730>.

**Textbook:** The recommended (but not required) textbook for this course is *Intermediate Microeconomics with Calculus: A Modern Approach* by Hal R. Varian. The latest edition is available at the Penn Bookstore but you can use a different edition.

**Readings and teaching materials:** Details on required reading for the course (e.g., business cases) will be announced closer to the lecture. All readings and teaching materials will be available on Canvas.

**Past exams:** Past exams will be available on Canvas. While we are making past exams available, they should not be your main source to study because BEPP 250 has changed over the years and this year is different. Past exams often cover different topics and have different types of problems. If you want to use past exams, it is up to you to decide which problems to look at. Please do not contact your instructor regarding past exams.

**Piazza:** If you have a question about the content or the organization of the course, there are several resources available to you to get the answer. The primary venue for resolving questions is Piazza. Piazza is designed to getting you help from classmates and TAs fast and efficiently. You are encouraged to check Piazza for an answer to your question and, if it is not there, to then post your question on Piazza.

Sign up for the class Piazza at <https://piazza.com/upenn/spring2021/bepp250>.

Please post any questions related to the quizzes or other deliverables on Piazza as well.

When posting on Piazza, please adhere to the following ground rules:

- Check syllabus before posting a question about course logistics.
- Check lecture slides before posing a question about material.
- Specify exact problem you are asking about; include screenshot if possible.
- Check Piazza to see if a question has already been asked. If so, ask for clarification on the original thread.

**Office hours:** Undergraduate and graduate TAs are holding office hours for one-on-one and small-group discussion. The TAs hold office hours throughout the week so that you can always find a TA to talk to. Contact details and office hours are posted on Canvas.

Instructors are available to answer your questions during Q&A on Monday/Tuesday. If you have something to discuss that requires more privacy, email your instructor Mike Abito ([abito@wharton.upenn.edu](mailto:abito@wharton.upenn.edu)), Ulrich Doraszelski ([doraszelski@wharton.upenn.edu](mailto:doraszelski@wharton.upenn.edu)), or Bobby Pakzad-Hurson ([bph1@wharton.upenn.edu](mailto:bph1@wharton.upenn.edu)) to request an appointment.