HKUST BUSINESS SCHOOL
香港科大商學院

Econ 5110: Managerial Microeconomics (DiMBA)

Syllabus, Spring 2025
Xinyu Hua
Department of Economics

Live Class:

Time: 9:00 - 12:50, Feb 22
     9:00 - 10:50, Mar 1
     9:00 - 12:50, Mar 8
     9:00 - 10:50, Mar 15 and 22
     9:00 - 11:30, Mar 29 (Exam)

Self-learning Platform (please use your ITSC ID and password):

Link: https://hkust.insendi.com/login?returnPath=/

Instructor:

Xinyu Hua (xyhua@ust.hk)
Email is always a great way to reach me.

Teaching Assistant:

Pang Tsoi (pangtsoi@ust.hk)

Course credits: 2 credits

Course Objectives and Intended Learning Outcomes

This course uses economic analysis to understand individual economic behavior, competition, and market characteristics that are relevant to business and management. Students are expected to
➢ Analyze trade-offs in pricing based on the understanding of consumer demand.
➢ Analyze strategic decisions using demand-supply analysis and/or game-theoretic methods based on the understanding of competitors' interactions.
➢ Analyze organization strategies based on the understanding of agents' incentives.
➢ Examine the impact of asymmetric information on markets and firm decisions.
➢ Be able to communicate microeconomic analysis to multiple stakeholder groups.

Grouping and Learning Activities

The MBA Office will create study groups. The groups are responsible for working on cases and group assignments.

The approach toward teaching and learning managerial economics is primarily inductive. That is, you will learn many concepts and topics outlined above largely through cases, examples, and some simple models – this is the essence of **the case study method**. Good cases are necessarily complex and ambiguous (but not necessarily new). It is in working through the messy details to find these insights and solutions – both in your preparation and in-class discussions – that the concepts and principles introduced in the readings and lectures will come alive and be enriched for you. **For a case discussion to be a valuable learning experience, it is essential that you come prepared to discuss the cases and readings assigned for that class.**

What Materials Will We Use?

The key materials are the online self-learning materials, cases, and additional lecture notes. You should not distribute these materials outside our class. The following books are just for reference (but not required):

Png: *Managerial Economics,* 5th Edition, by Ivan Png.

BDSS: *The Economics of Strategy*, 7th Edition, by David Besanko, David Dranove, Mark Shanley, and Scott Schaefer, Wiley.

How Will You Be Graded?

The grade is made up of five components:

1. Final Exam (55%): The final is via Zoom from 9:00 to 11:30 on **March 29**.

2. Group Assignment I (10%): Each group please submit answers to a few questions **by 9 am on March 1**, on the self-learning website.

3. Individual Simulation (10%): A link to the online simulation (together with instructions) will be available on the self-learning website. Please finish the game **by 4 pm on March 7 (Friday)**.

4. Group Assignment II (10%): Each group please submit answers to a few questions **by 9 am on Mar 22**, on the self-learning website.

5. Active Class Participation and Contribution (15%): Attendance, preparation, and participation are essential in this class, as in any class based on the case method. Active engagement also means that you're are *listening carefully* to the comments of other students and seeking opportunities to make comments that move the class discussion forward.

HKUST Honor Code, Classroom Etiquette and Policies on AI

The HKUST Academic Integrity and Honor Code apply to this course. Also, you should not get any course material from the classes in previous years.

Students are expected to join the live class on time and the instructor will start the class according to schedule. Students should demonstrate respect for the instructor and fellow students during the class period.

For the exam, generative AI products are NOT allowed. For the group assignments, you can use generative AI products, for example, to search and organize information or data. However, you should state which part of your submission is generated by AI and which part is purely based on your group analysis.

Brief Course Outline (Please work on the self-learning activities and read the relevant cases before each live class. However, please do not spend more than 2.5 hours reading the cases for each live class. *The readings shown in italics are optional and NOT required.)*

Live Class	Self-Learning Before Live Class	Reading for the live class
Feb 22	**Session 1 -** Consumer Demand and Market Structure **Session 2** - Monopoly and Market Power I: Pricing **Session 3** - Monopoly and Market Power II: Price Discrimination and Distortion	Case on "Medicines Co." Cases on "UNIQLO" and "SHEIN" (pages 1-9 only) *Png: Chapters 2 and 8 (optional)*
Mar 1	**Session 4** - Monopoly and Market Power III: Pricing and Incentives **Session 5** - Free Entry Market	Case on "Aperture Investors" Note on "Subsidy and the Global Cotton Trade" **Group Assignment 1 due (9 am, Mar 1)** *Png: Chapters 4 and 5 (optional)*
Mar 8	**Session 6** - Oligopoly Market I: Strategic Decisions **Session 7** - Oligopoly Market II: Innovation and Entry	Case on "ApiYoo" Case on "De Beers and Reverse Disruption" **Individual Assignment due (4 pm, Mar 7)** *BDSS: Chapters 5 and 7 (optional)*
Mar 15	**Session 8** - Agents and Organization	Cases on "P&G Organization" and "P&G Proxy Fight" *BDSS: Chapters 12 and 13 (optional)*
Mar 22	**Session 9** - Information Economics	Case on "Rural Taobao" **Group Assignment 2 due (9 am, Mar 22)** *Png: Chapter 11 (optional)*
Mar 29	Exam	