Econ 5110: Managerial Microeconomics
Syllabus for the Full-time Class
Fall 2024

Time and Venue:

9:30-13:00 Mondays, Aug 26 – Oct 7 (LSK 2003)
Exam on Oct 21

Instructor:

Xinyu Hua (xyhua@ust.hk ; 2358-7609; LSK 6076)
Department of Economics
Email is always a great way to reach me.
Office Hours: By appointment

TA:

Emily Chen (eckuan@ust.hk)

Course Web Site: canvas.ust.hk
Course credits: 2

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.

Study Groups and the Case Study Method

Please create groups by yourself. Each group should have **at least three but no more than seven members**. 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 lecture notes, cases, and additional readings. You should not distribute these materials outside our class. The following books are just for reference:

Png: _Managerial Economics, 6th Edition,_ by Ivan Png, Routledge.

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 will be **on Oct 21**.

2. Group Assignment I (10%): **On Sep 9**, all groups please submit answers to a few questions (to be distributed).

3. Individual Simulation (10%): A URL will be sent to the whole class. Please finish the game **by 4 pm on Sep 22** (instructions to be distributed).

4. Group Assignment II (10%): **On Oct 7,** all groups please submit answers to a few questions (to be distributed).

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. Class participation will be evaluated also on (1) the effort and incentives to prepare and participate in class discussion, and (2) the evaluation of content:

- Relevance: Are your comments related to the case and the comments of others?
- Advancement: Does your comment move the class discussion forward?
- Fact-Based and logical: Have you used specific data from the case, from readings, or from personal experience to support the assertions that you are making? Is your reasoning logical?

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 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. Please try to avoid side conversations when your classmates raise questions or give comments.

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 clearly which part of your report is generated by AI and which part is purely based on your group analysis.

Brief Course Outline

(Please read the cases but do not spend more than 2.5 hours on each major case. The readings shown in italic are for future reference and are NOT required.)

	Topic	Reading and preparation
Aug 26	**Consumers and Market Power I:** Pricing	Summary of Some Concepts in Economics Case on UNIQLO Case on SHEIN (pages 1-9 only) *Png: Chapters 2 and 8 (optional)*
Sep 2	**Consumers and Market Power II:** Price Discrimination	Case on Netflix Ad-supported Tier *Png: Chapter 8 (optional)*
Sep 9	**Competitors and Free/Easy Entry Markets:** Demand-Supply Analysis **Competitors and Oligopoly Market I:** Game Theory and Strategic Decisions	Note on Cotton Trade and Subsidies **Group Assignment I due (9 am on Sep 9)** *Png: Chapters 4 and 5 (optional)* *BDSS: Chapter 5 (optional)*
Sep 16	**Competitors and Oligopoly Market II**: Changing Game	Case on ApiYoo *BDSS: Chapters 2 and 7 (optional)*
Sep 23	**Competitors and Oligopoly Market III**: Disruption and Entry	Case on De Beers and Reverse Disruption **Individual Assignment due (4 pm on Sep 22)** *Note on Disruptive Innovation (optional)*
Sep 30	**Agents and Organization Economics**	Cases on P&G Organization and Proxy Fight *BDSS: Chapters 12 and 13 (optional)*
Oct 7	**Information Economics** and CSR/Social Initiatives	Case on "Rural Taobao" **Group Assignment II due (9 am on Oct 7)** *Png: Chapter 11 (optional)*
Oct 21	Exam	