

Econ 301: Managerial Economics

Topic 0: Welcome to Managerial Economics

Instructor: Professor Ben Grodeck

Spring 2026

Who am I?

- Ben Grodeck
 - Clinical Assistant Professor in Economics
- I'm from Melbourne, Australia
 - Moved to the US in August 2025
 - Spent the previous 3 years as a postdoc at: The University of Exeter (England), The Max Planck Institute (Germany) & GPI The University of Oxford (England)
- I'm an Experimental & Behavioral Economist. What is my research (broadly) about?
 - Motivations of Altruistic Behavior
 - Intergenerational Cooperation
 - Morals & Markets (currently Repugnant Markets)
- What else to know about me:
 - I love my sports and have been following the NFL for 15 years
 - The Baltimore Ravens caused me a lot of sadness these past 4 months
 - I recently learnt that I am not good at skiing
 - Enjoy board games (Specifically, strategy games like Chess & Poker)
 - My favorite spread to put on toast is Vegemite.



What is Managerial Economics?

- Before we answer this question, how do we define economics?
- For example, if you told a family member/friend that you are taking an economics class, and they asked “Econ, that’s the study of money, right??”....how would you respond?
- Take one minute to think about/write down:
 - A) Your answer
 - B) What ‘wrong’ answers or responses you tend to hear?

What is Economics?

- American Economics Association Definition:

*“Economics can be defined in a few different ways. **It’s the study of scarcity, the study of how people use resources and respond to incentives, or the study of decision-making.** It often involves topics like wealth and finance, but it’s not all about money. Economics is a broad discipline that helps us understand historical trends, interpret today’s headlines, and make predictions about the coming years”*

- Importantly: it’s the study of decision making when scarcity is present!

What is Economics?

Why scarcity matters. Some Examples:

- **Money:** Do you choose to buy a new iPhone or go on a holiday?
- **Time:** On Saturday night, do you go to a party or watch a movie?
- **Brainpower:** Learn the capitals of all 50 states, or learn the capitals of every country in Europe?
- **Multiple factors:** Do you go to College or not? Do you take Behavioral Econ, or another subject?

What is Economics?

- Scarcity is what makes decision making interesting (and why I dislike the third Harry Potter book)!



What is Managerial Economics?

- I don't like the name Managerial Economics....It sounds pretty bland!
- This subject is useful if you will be a manager, but also useful if you have no desire to ever be one!
- This is a more **intuition focussed** version of Intermediate Microeconomics (also similar flavour to some MBA courses).
 - How (and why) people make decisions.
 - How many people making decisions impacts broader society (markets, equilibrium etc).
- Note: We assume that people are rational decision makers (you can learn more about this in behavioral econ).

What is Managerial Economics?

- Some questions ‘managers’ care about:
 - Should a firm purchase components – like disk drives and chips – from other manufacturers or produce them within the firm?
 - Should the firm specialize in making one type of computer or produce several different types?
 - How many computers should the firm produce, and at what price should you sell them?
 - How many employees should the firm hire and how should they be compensated?
 - What about non-traditional firms (content creators on twitch/youtube etc)?
- Some questions we all care about:
 - When are markets the most efficient mechanism of allocating resources (is it fair?)
 - When do firms/individuals yield market power (is this a bad thing)?
 - Why go to college rather than try and get a job straight out of high school?
 - Would you rather free college at Purdue for 4 years, you can attend any class you want, but you don’t get a degree at the end.....or You get the piece of paper, but you can’t attend any classes.
 - If another person acts kindly towards me, should I act kindly back?

Why are we here? What do we want to get out of the semester? Expectations?

- How many of you were chomping at the bit to take this course?
 - If the answer is not zero, it's very close to zero!
- This is a 'necessary' unit for most of you to complete your degrees or go on to take further units in econ (such as behavioural econ).
- The good news! There are plenty of interesting, and useful concepts that we will be discussing in this course.
- I will do my best to teach this content in an engaging way that helps reinforce the key ideas of Managerial Economics.
- What do you want to get out of the class?

Assessments: A Breakdown (Check Syllabus for More Details)

Assessment task	Value	Other Info
Homework Assignments	20 points total	• Best 5 of 7 (4 points each)
Exams	80 points	• Best 3 of 4 (26.6 points each).
Total	100 points	
Extra Credit Quizzes	3 points	

Homework Assignments

- **There will be 7 problem sets throughout the semester (20 points in total)**
 - Your two lowest scores will be dropped
 - This means each assignment is worth 4 points each.
- The assignments will be done on Connect (Links will be available on Brightspace).
 - I am still figuring out Connect myself (so links/information will be provided by the end of the week hopefully).
- Each Assignment will have between 10-30 questions.
 - These will be a mix of MCQ, fill in the blank, graphing, and short answer.
 - You have up to 5 attempts on each question, but a 5% penalty applies to each subsequent attempt. For example, if a question is worth 1 point, and you get the question completely on the second attempt you will earn 0.95 points, and if you get it complete correct on the third attempt, you will earn 0.9 points
- The purpose of the Homework Assignments, is to help you keep up to date with the content and ensure understanding (incentives).
 - Small part of the grade, but a key to understanding.

Exams

- **Four exams total** (only top 3 scores count):
 - Three Midterm Exams: Each cover 4 chapters
 - Final Exam is comprehensive
- Exams will be MCQ only (necessity)
- Strategy with exams & things to consider:
 - The final exam will be harder than any of the midterms (3x the content). Avoid skipping one of the three midterms if you can.
 - You can't do worse by taking the final exam than not

Office Hours, AI, and Resources

- I will have a number of different office hours per week (check the syllabus).
 - Don't hesitate to send me an email if you want to meet (subject to availability)
 - I am also hoping to bring aboard a TA who will also have office hours.
- AI is a hot topic (and rightfully so)! My summarized take on AI in education:
 - Can be a complement to learning
 - However, it can also be a substitute!
- For a general course like this, LLMs will be very useful (Claude Code, GPT, etc).
 - The Smartbook has its own AI that I have enabled....you can let me know if it's useful at all.
- You need to get access to connect (purchase the smartbook). Unfortunately, this only comes with the ebook, but I think there are ways to get your hands on a cheap copy of the actual textbook (will provide details).
- You have an abundance of resources at your disposal. Don't hesitate to use them!

Attendance

- Attendance is not compulsory, but I highly recommend that you attend classes.
- The evidence strongly suggests this will increase your grade.

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Zooming to Class? Experimental Evidence on College Students' Online Learning during COVID-19[†]

By MICHAEL S. KOFOED, LUCAS GEBHART,
DALLAS GILMORE, AND RYAN MOSCHITTO*

One persistent question in higher education is the efficacy of online education. In the fall of 2020, we randomized 551 West Point students in a required introductory economics course across 12 instructors to either an online or in-person class as a response to the COVID-19 pandemic. Final grades for online students dropped by 0.215 standard deviations, a result apparent in both assignments and exams and largest for academically at-risk students. A postcourse survey finds that online students struggled to concentrate in class and felt less connected to their instructors and peers. Our results show detrimental effects for online learning. (JEL A22, I12, I23, I26)

Laptops/Phones in Class

- Laptops/Phones are needed for interactive activities (phones are sufficient)
- Classes will be recorded via boilercast.
 - Can revise content easier
- No bans, but keep in mind how it can negatively affect attention (and scores)!

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The impact of computer usage on academic performance: Evidence from a randomized trial at the United States Military Academy[☆]

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 CrossMark

A R T I C L E I N F O

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A B S T R A C T

We present findings from a study that prohibited computer devices in randomly selected classrooms of an introductory economics course at the United States Military Academy. **Average final exam scores among students assigned to classrooms that allowed computers were 0.18 standard deviations lower than exam scores of students in classrooms that prohibited computers.** Through the use of two separate treatment arms, we uncover evidence that this negative effect occurs in classrooms where laptops and tablets are permitted without restriction and in classrooms where students are only permitted to use tablets that must remain flat on the desk.

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DIGITAL DISTRACTIONS WITH PEER INFLUENCE: THE IMPACT OF MOBILE APP USAGE ON ACADEMIC AND LABOR MARKET OUTCOMES*

PANLE JIA BARWICK
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TENG LI

Concerns about excessive mobile phone use among youth are mounting. We present estimates of behavioral and contextual peer effects, along with comprehensive evidence on how students' own and their peers' app usage affect academic performance, physical health, and labor market outcomes. Our analysis draws on administrative data from a Chinese university covering three student cohorts over four years. We exploit random roommate assignments, differential exposure to a policy shock (gaming restrictions for minors), and differential exposure to a discrete event (the introduction of a blockbuster video game) for identification. App usage is contagious: a one s.d. increase in roommates' in-college app usage raises own usage by 5.8%. High app usage is harmful across all measured outcomes. A one s.d. increase in app usage reduces GPAs by 36.2% of a within-cohort-major s.d. and lowers wages by 2.3%. Roommates' app usage reduces a student's GPA and wages through both disruptions and behavioral spillovers, generating a total negative effect that exceeds half the magnitude of the impact from the student's own app usage. Extending China's three-hour-per-week gaming restriction for minors to college students would boost their initial wages by 0.9%. High-frequency GPS and app usage data show that heavy app users spend less time in study halls, are more frequently late or absent from class, and get less sleep. *JEL codes:* E24, I23, L82.

Extra Credit: Kahoot! Quizzes

- At the end of every topic there will be a short in class Kahoot!
- **Scoring:**
 - 0.5 points for an incorrect answer.
 - 1 point for a correct answer.
 - If you miss a quiz your score that quiz will be 0.
- Your three lowest quiz scores will be dropped (approx. 12 quizzes total).
- **Extra Credit:**
 - 1 point extra credit: If you have a score of $>50\%$
 - 2 points extra credit If you have a score of $\geq 75\%$
 - 3 points extra credit If you have a score of $\geq 90\%$

Kahoot! Quiz Tryout

- If you haven't yet, download Kahoot on your phone or logging on your laptop.
- Your nickname should be your **PUID**
 - If you get logged out, rejoin with your nickname PUID*

Kahoot!

