

MANAGERIAL ECONOMICS EXAMPLE ASSIGNMENT



PROFIT MAXIMIZATION ACTIVITY

- ▶ **STUDENT OBJECTIVE:** Play the BTM game assigned for this activity and try to maximize your profits. It is a single-player game, so you may execute and complete the game on your own or as a team. Be prepared to discuss or write a report explaining:
 - ▶ How can the profit maximizing rule, setting marginal revenue (MR) equal to marginal cost (MC), be applied to the game? In your answer explain:
 - ▶ How can MR and MC be measured in the game?
 - ▶ What happened to MR and MC as you were playing the game? Why did these values change?
 - ▶ Based on your MR-MC analysis, how would you change your price and production decisions in the game?
- ▶ **INSTRUCTOR:** You may assign a game that simulates any of the four standard market structures from perfect competition to monopoly.
- ▶ **BENEFIT:** Students learn how to apply MR-MC analysis, it is not just an academic theory..
 - ▶ Relevant and captures student interest.