



## Course information 2024-25

# MN2028 Managerial Economics

### General information

**MODULE LEVEL:** 5

**CREDIT:** 30

**NOTIONAL STUDY TIME:** 300 hours

**MODE:** Locally Taught and Independent Learner Route Only (not available for Online Taught students)

### Summary

This is a level 2 microeconomics course. It is less theoretical than a microeconomic principles course and more attention is given to topics which are relevant to managerial decision making.

### Conditions

Please refer to the relevant programme structure in the EMFSS Programme Regulations to check:

- where this course can be placed on your degree structure; and
- details of prerequisites and corequisites for this course.

You should also refer to the Exclusions list in the EMFSS Programme Regulations to check if any exclusions apply for this course.

## **Aims and objectives**

- To enable students to approach managerial decision problems using economic reasoning.
- To present business practice topics using an analytical approach, using equations and numerical insight.

## **Learning outcomes**

At the end of this course and having completed the essential reading and activities students should be able to:

- Be prepared for Marketing and Strategy courses by being able to analyse and discuss consumer behaviour and markets in general
- Be able to analyse business practices with respect to pricing and competition
- Be able to define and apply key concepts in decision analysis and game theory
- Be able to confidently analyse different market structures and equilibrium outcomes in each of them

## **Employability skills**

Below are the three most relevant employability skills that students acquire by undertaking this course which can be conveyed to future prospective employers:

1. Complex Problem Solving
2. Creativity and innovation
3. Decision making

## **Essential reading**

For full details, please refer to the reading list.

Varian, H.R. Intermediate microeconomics: a modern approach. (New York: W.W. Norton and Co., 2014) ninth edition [ISBN 9780393123968].

## **Assessment**

This course is assessed by a three-hour and fifteen-minute closed-book written examination.

## Syllabus

The course covers basic topics in microeconomics such as supply and demand, consumer theory, labour supply, asymmetry of information, neo-classical view of the firm, production, costs, factor demands, perfect competition, monopoly, monopolistic competition, oligopoly, cartels, and tacit collusion. We also analyse some newer material regarding alternative theories of the firm, internal organisation of the firm, market structure, efficiency wages, incentive structures, corporate governance as well as some industrial organisation theories of commonly used pricing practices.

The following topics also form part of the course syllabus:

- Individual (one person) decision making under uncertainty, attitudes towards risk and the value of information
- Theory of games and strategic decision making, including its applications to oligopoly, collusion among firms, product differentiation, entry deterrence and other market practices
- The effects of asymmetric information in areas such as bargaining, bidding and auctions, situations of moral hazard and adverse selection
- Corporate governance in modern organisations

Some knowledge of constrained maximisation and Lagrangian functions would be helpful for students taking this subject, although this is not a prerequisite