

Course information 2023-24

MN2028 Managerial economics

General information

COURSE LEVEL: 5

CREDIT: 30

NOTIONAL STUDY TIME: 300 hours

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

Prerequisite: If taken as part of a BSc degree, the following course must be passed before this course may be attempted.

- EC1002 Introduction to economics **AND**
- **EITHER** MT105a Mathematics 1 **OR** MT1174 Calculus **OR** MT1186 Mathematical methods

Exclusion: You may not register for this course in the same year as:

- EC2066 Microeconomics

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 the course and having completed the essential reading and activities students should:

- 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

Essential reading

For full details please refer to the reading list.

Please consult the current EMFSS Programme Regulations for further information on the availability of a course, where it can be placed on your programme's structure, and other important details.

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

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