



Course information 2017–18

MN3028 Managerial economics

This is level 3 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.

Prerequisite

If taken as part of a BSc degree, courses which must be passed before this course may be attempted:

EC1002 Introduction to economics and either
MT105a Mathematics 1 or
MT1174 Calculus

Exclusion

This course may not be taken with *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.

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].

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

Assessment

This course is assessed by a three-hour unseen written examination.

Students should consult the appropriate *EMFSS Programme Regulations*, which are reviewed on an annual basis. The *Regulations* provide information on the availability of a course, where it can be placed on your programme's structure, and details of co-requisites and prerequisites.

Syllabus

This is a description of the material to be examined. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading

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.