

Faculty of Economics and Political Science

Managerial Economics

Information :

Course Code : ECO 406

Level : Undergraduate

Course Hours : 3.00- Hours

Department : Department of Public Administration

Area Of Study :

This course is an introduction to the science of managerial economics; it deals with how managers estimate demand and calculate different types of elasticity to maximize their profits. It explores how a manager can maximize production and minimize costs faced with technical changes and industrial innovation, it explores different Market structures (perfect competition, oligopoly, monopolistic competition, and monopoly) and the strategic behavior and price practices of managers in each type, it also highlights the managerial use of price discrimination. it pinpoints government relationship with businesses in terms of regulations adopted to control monopolistic practices and policies, procedures taken to prevent pollution of the environment and the protection of property rights.

Course Goals:

- Develop an understanding of managerial principles such as: Principal Agent Problem, Marginal Analysis.
- Investigate the market of perfect competition and its mechanism to reach equilibrium.
- Analyze imperfect markets: Monopoly, Oligopoly, and Monopolistic Competition and how to reach equilibrium in each.
- Provide the students with tools for economic forecasting.
- Teach students different pricing techniques.
- Acquaint students with break-even analysis, risk analysis, and benefit-cost analysis.

Description :

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Course outcomes :

a. Knowledge and Understanding: :

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| 1 - | Recognize the economic theory and analytical tools that can be used in decision making problems. |
| 2 - | Express the economic significance of market imperfections, i.e. transactions costs, uncertainty, asymmetric information, and externalities. |

b. Intellectual Skills: :

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| 1 - | Appraise decisions made by managers. |
| 2 - | Explain the actions of managers and consumers in different market structures. |

c. Professional and Practical Skills: :

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| 1 - | Demonstrate a concrete understanding of the behavior of firms and consumers. |
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| 2 - | Compute the price to charge that maximizes profits under a variety of markets. |
| 3 - | Apply economic concepts and analysis to everyday decision making in various business structures. |
| d.General and Transferable Skills: : | |
| 1 - | Experience with conceptual frameworks effective for problem solving and decision making. |
| 2 - | Acquire analytical reasoning skills, numeric and clear effective communication skills. |
| 3 - | Test the ability of students to work under pressure and as part of a team. |

Course Topic And Contents :

| Topic | No. of hours | Lecture | Tutorial / Practical |
|--|--------------|---------|----------------------|
| Introductory Lecture and Course Outline | 3 | 1 | |
| Demand Theory | 6 | 2 | |
| Consumer Behavior and Rational Choice | 3 | 1 | |
| Production Theory | 3 | 1 | |
| The Analysis of Cost | 3 | 1 | |
| Midterm Exam | | 1 | |
| Perfect Competition | 3 | 1 | |
| Monopoly and Monopolistic Competition | 6 | 2 | |
| Oligopoly | 3 | 1 | |
| Price Discrimination | 3 | 1 | |
| Risk Analysis | 3 | 1 | |
| Adverse Selections and Principal Agent Problem | 3 | 1 | |
| Final Exam | | 1 | |

Teaching And Learning Methodologies :

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| Presentations |
| Debates |
| Group discussion |
| Research Paper |

Course Assessment :

| Methods of assessment | Relative weight % | Week No | Assess What |
|---|-------------------|---------|--|
| Course Work (Attendance, Participation, Assignments, Quizzes, Research Paper) D | 30.00 | | To assess understanding and to assess theoretical background of the intellectual and practical skills. |
| Final Exam | 40.00 | 15 | To assess knowledge and intellectual skills. |
| Midterm Exam | 30.00 | 7 | To assess professional skills. |

Recommended books :

Nick Wilkinson, Managerial Economics: A problem Solving Approach, Cambridge University Press, Cambridge, 2005.