

MANAGERIAL ECONOMICS

COURSE LEVEL: Master

ECTS CREDITS: 10 ECTS

COURSE COORDINATOR: Janez Prašnikar Ph.D.

COURSE GOALS: This course emphasizes the synthesis of economic theory, decision sciences, and the various fields of business administration studies. It examines how they interact with one another as the firm attempts to reach optimal managerial decisions in the face of constraints. A special emphasis will be made on how managerial decisions are actually made in the real world. The course will increase the effectiveness of decision making by expanding and sharpening the analytical framework used by managers to make decisions.

COURSE CONTENT:

- 1. Theory of demand.**
 - 1.1. Classical theory of demand.
 - 1.2. Theory of demand that is based on product characteristics.
 - 1.3. Demand estimation and demand forecasting.
 - 1.4. Business case-Metabical.
- 2. Production and costs.**
 - 2.1. Cost advantages.
 - 2.2. Optimization and supply of the firm.
 - 2.3. Costs analysis for business decisions.
 - 2.4. Business case-Outsourcing opportunities for small businesses: A quantitative analysis.
- 3. Internal organisation.**
 - 3.1. Behavior of firms and their goals.
 - 3.2. Case-Behavior of firms in countries of former Yugoslavia.
 - 3.3. Markets of asymmetric information.
- 4. Vertical boundaries of the firm.**
 - 4.1. The firm in a vertical chain.
 - 4.2. Costs and benefits of vertical integration.
 - 4.3. Model of vertical integration.
 - 4.4. Business case-Nucleon.
- 5. Diversification.**
 - 5.1. Measures and reasons of diversification.
 - 5.2. Strategic styles of diversified firm.
 - 5.3. Business case-Kolektor.
 - 5.4. Business case-Martifer.
- 6. Market structures.**
 - 6.1. Entry and exit.
 - 6.2. Business case-Ryanair.
 - 6.3. Strategic commitment and game theory.
 - 6.4. Business case-Cartel in Turku area?
- 7. Pricing policy.**
- 8. Strategic positioning and comparative advantages.**

- 8.1. Comparative advantage.
- 8.2. Strategic positioning.
- 8.3. Sustaining comparative advantage.
- 8.4. Business case-Apple.
- 9. The role of intangible capital in the firm and in the economy and economic crisis.**
- 9.1. The role of intangible capital.
- 9.2. Economic crisis.
- 9.3. Business case--The Greek Crisis: Tragedy or Opportunity?

COURSE WORK PLAN:

The course is based on lectures and seminars.

It is expected that students will come to lectures and seminars prepared. Before the lectures and seminars students need to read the required literature.

At lectures we will specifically focus on economic concepts and theories that play a key role in management decisions. It is expected that students actively participate in lectures.

The seminars are aimed at consolidating the material. The substance will be consolidated on the basis of simple exercises, and in particular on the basis of business case studies. For each case, students will receive questions, on which discussion will be based. Students need to read cases and answer the questions prior to the seminar.

Before each lecture and seminar also transparencies will be available on class internet page. However, learning only from transparencies is by far not enough. Students need to read all required material.

Each chapter of the books has exercises. Students should solve them on their own.

COURSE GRADE SYSTEM:

The final grade is based on:

- homework's - 10% of final grade,
- first partial exam - 45% of final grade,
- second partial exam - 45% of final grade.

In order to pass the exam students need to pass each midterm (have 50% of points) and have at least 50% of all available points.

The grading scale (maximum available points are 100): 50 - 60 points (pass 6), 61 - 70 (good 7), 71 - 80 (very good 8), 81 - 90 (very good 9), 91 - 100 (excellent 10).

PREREQUISITS:

Students need to master the material of the undergraduate course Microeconomics 1.