Managerial Economics

Course Description

This course takes an in-depth look into the economic framework underlying markets and economies and the economic rationale underlying strategic decisions. In order to enable students to analyze the economic environment and draw conclusions from a managerial perspective, the first part of the course is devoted to the description and analysis of market forces. Following this, strategic decision making makes up the second half of the course. In particular, these latter units deal with the role of different market structures and asymmetric information as well as the fundamentals of game theory, which supports students to understand with the underlying decision making processes at work in modern economics.

Contents

1. The Nature, Scope, and Method of Managerial Economics
   1. The Nature and Scope of Managerial Economics
   2. The Method of Managerial Economics
2. The Macroeconomic Environment
   1. Macroeconomic Conditions and the Business Cycle
   2. Government and Central Bank Policies
3. Market Force: Demand
   1. The Theory of Demand
   2. Elasticity of Demand
   3. Demand Estimation
4. Market Force: Supply
   1. The Theory of Supply
   2. Price Determination
   3. Production Theory
   4. Cost Theory
5. Market Structures and Competition
   1. Theories of the Firm
   2. Market Structures
   3. Pricing Strategies
6. Government Regulation and Industry
   1. Market Failures
   2. Government Policies to Reduce Market Failure
7. Strategic Analysis and Decision-Making

7.1 Game Theory

1. Information and Decision-Making
2. Auctions
3. Capital Budgeting and Risk

8.1 Capital Budgeting

1. Investment Analysis
2. Risk Versus Uncertainty