

Managerial Economics

UGRA_002880

Departments	Department of Economics, Finance & Accounting
Teaching Languages	English
ECTS	6
Teacher responsible	Tanushree Jhunjhunwala - tanushree.jhunjhunwala@esade.edu Pedro Rey Biel - pedro.rey@esade.edu

Course Goals

The basic objective of this course is to familiarize you with the approach, language, and techniques of managerial economics. After this course, you will understand economic principles sufficiently to apply them to real world issues and make real world decisions. You should expect to leave the course with a firm grip on how economists think about business problems, and the ability to apply tools from the course to a variety of problems. To sum up, the objective of this course is to teach students to apply economic principles to solving business problems.

At the close of Managerial Economics you will be able to:

- Develop specific tools – quantitative as well as broadly analytical – that are useful for tackling basic managerial economics problems.
- Instill an “economic point of view” which is extremely powerful and has proven to be a useful analytical perspective in many circumstances, including business decision making at the highest level.
- Discuss the functioning of the economy from an analytical point of view.

Previous knowledge

1. Math concepts: first order derivatives, optimization of functions, systems of two equations with two unknowns, graphical representation of functions,
2. Economic concepts: elasticity of demand, perfectly competitive markets, supply and demand.

Prerequisites

Having a good knowledge of concepts in Economics I

Teaching methodology

The learning process combines different pedagogical methodologies: lectures, analysis and discussion of case studies and news articles, individual work, small group tasks, in-class experiments and open discussion, among others. Students will be assigned readings outside of class from time to time.

Description

Course contribution to program

The course Managerial Economics is part of the training in Economics required for all BBA undergraduate students, so it shares the following contributions with the subjects provided by the Department of Economics, Finance and Accounting:

1. Develop students' analysis ability, mental acumen, and critical outlook concerning problems and economic relationships between companies and their environment.
2. Provide the highest level of professional training and the information required for future professionals in the business or management fields.

Short description

This course is an introduction to the use of Microeconomics in managerial decision making. We examine how the optimal strategy of a firm is impacted by the structure of the market, the competitive and regulatory constraints, and the structure of information. Topics include supply and demand analysis of various market structures, price discrimination techniques, contractual relationships, and asymmetric information. Throughout we highlight the importance of marginal analysis in decisions.

All the sub-fields of management education (marketing, finance, organizational behavior, operations, information systems, accounting, and strategy) deal in some way with how businesses and other organizations work to allocate scarce resources among competing needs. Because of this, Microeconomics can serve as a unifying framework. In this course, we will also see connections between economics and other (sub)disciplines such as game theory, behavioral economics, and the economics of risk and uncertainty.

Activities

In-class discussions and debates

Discussion on how competition impacts market outcomes. We will also solve and discuss some cases to further our understanding of firm behavior and its outcomes.

Analytical exercises

Solution of price and quantities optimal decisions depending on the degree of competitiveness (perfect competitive markets, monopoly, oligopoly, among others)

Written and/or oral exams

There will be a midterm and a final exam in this course.

Teamwork

Students will form groups to solve worksheets related to the ongoing topics in the course.

Quizzes/tests

There may be quizzes to assess knowledge during the course.

Readings

There is no formal textbook which will be strictly followed in the course.

Additional reading materials will be provided on the course website.

Content

#	Topic
1	Introduction and Perfect Competition (review)
2	Monopoly
3	Factor Markets and Monopsony
4	Dominant and Fringe Firms
5	Monopolistic Competition
6	Introduction to Game Theory
7	Models of Oligopoly: Cartels, Cournot Competition, Stackelberg Competition, Bertrand Competition, Spatial Competition
8	Price Discrimination
9	Adverse Selection – Market for Lemons
10	Non-traditional Market Structures: Platform Economy, Circular Economy

Assessment

Tool	Assessment tool	Category	Weight %
Written and/or oral exams	On paper or computer	Ordinary round	70.00%
Written and/or oral exams		Retake	100.00%
Participation in program activities		Ordinary round	10.00%
Individual or team exercises		Ordinary round	20.00%

PROGRAMS

BBA20-Bachelor of Business Administration (BBA) (Undergraduates: Business)
BBA20 Year 2 (Basic)

BBA23-Bachelor of Business Administration (BBA) (Undergraduates: Business)
BBA23 Year 2 (Basic)

DBAI21-Double Degree in Business Administration and Artificial Intelligence for Business (Undergraduates: Business)

DBAI21 Year 2 (Basic)

DBAI23-Double Degree in Business Administration and Artificial Intelligence for Business (Undergraduates: Business)

DBAI23 Year 2 (Basic)

GBD20-Double Degree in Business Administration and Law (Undergraduates: Law)
GBD20 Year 2 (Basic)

GBD23-Double Degree in Business Administration and Law (Undergraduates: Law)
GBD23 Year 2 (Basic)