# Managerial economics

## Prof. Laura Cavalli

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

This course focuses on key microeconomic and macroeconomic principles that impact the national economy and their implications for global markets, providing an understanding of how fundamental economic theory can be applied to decision making within the firm. The main topics covered will be the analysis of market demand, optimal use of resources, and pricing decisions.

At the end of the course the student will have a clear vision of the manager’s role in the decision making process and the influences that external economic impacts have on it. They should have an understanding of how economic issues are linked to the management of firms or institutions, as well as an applied knowledge of their interactions. Students should also be able of making their own judgments by navigating themselves the multitude of the possible scenarios the field requires. They will be able to choose the best approaches for interaction within the organization and external communication.

The course aims also at providing students with the necessary tools and critical approach to continue pursuing their studies on the topic even after its conclusion.

***COURSE CONTENT***

*Managing in markets*

– Demand, Supply and Market Equilibrium.

– Optimal Decision.

– Theory of Consumer Behavior.

*Basic Estimation Techniques*

– Demand Estimation and Forecasting.

– Direct method.

– Empirical Demand Functions.

*The Manager’s Role in the Production Process*

– Production and Cost in the Short Run.

– Production and Cost in the Long Run.

*Managerial Decision*

– Managerial Decisions in Competitive Markets.

– Managerial Decisions for Firms with Market Power (Monopoly).

– Managerial Decisions for Firms with Market Power (Oligopoly).

*Decisions Under Risk and Uncertainty*

– Expected Value and Probability.

*Macroeconomic issues*

– The organization of governments. Institutions, laws and public policy.

– Government intervention (Issue of Regulation) and Externalities.

– International trade.

– Issues of Monetary policy (inflation).

– Issues of Labour economics (unemployment).

***READING LIST[[1]](#footnote-1)***

*Managerial Economics*, By Christopher Thomas and S. Charles Maurice (12th edition).

Slides provided during the lectures.

***TEACHING METHOD***

The course is structured in lectures; in the last two lectures, students will present their assignments in class, promoting peer learning. Moreover, external guests are expected to bring their expertise to the class.

***ASSESSMENT METHOD AND CRITERIA***

70% of the final evaluation consists in a written, closed book exam, with theory and some exercises.

Students are offered the opportunity to undertake an intermediate written test during the course that counts 35% of the final evaluation. Only students with an evaluation of at least 18/30 will be admitted to the second midterm exam at the end of the course (35% of the final evaluation), while those who fail the intermediate or the final test take their exam according to the standard rules.

Students 30% of the final evaluation consists in a presentation of one specific topic.

Students are asked to form groups of size max 5. Each group is asked to choose one macroeconomic topic from a list of possible broad subjects and to present it in class to the other students.

The presentation will last 25 minutes per group. The presentation of maximum 15 slides + title (in .ppt, word or .pdf) is due and it has to be sent via email to laura.cavalli@unicatt.it within the last lecture of the 7th week.

Note: One (1) mark will be subtracted from the assigned grade for each day that the presentation is submitted after the deadline.

Under normal circumstances, the grade for the presentation accrues equally to all members of the group.

Students who do not send the presentation by the deadline and those who did not pass the exams within the prescribed period of time (studenti fuori corso) are required to individually write a report of length 20 type-written pages on the selected topic (counting 30% towards their final grade).

The presentiation will provide an analysis of one of the following topic, starting from recent news, reports, graphs the students find online, or on journals (like The Economist, The Financial Times etc.):

*Sustainabel Development*

1. SDGs
2. Nexus water, energy and food
3. Health and sustainable development
4. CSR

*International trade and Monetary Policy*

1. Free trade agreements
2. The prospects for exchange rates
3. The financial crises

*The regulated sectors (Governmental intervention)*

1. Energy
2. Natural Gas
3. Water
4. Waste
5. Railways
6. Telecummunication
7. Antitrust

*Labour economics*

1. Wages and wage inequality
2. Human Capital
3. Labor Mobility
4. Labor Market Discrimination
5. Unemployment

The student's preparation is evaluated according to the following criteria

a) in-depth knowledge and understanding of the thematics analyzed during the course;

b) awareness of the economic, social and environmental features that characterize micro and macroeconomic issues;

c) critical approach to the subject, arguing the contact points between the topics analyzed throughout the course and the chosen macroeconomic issue

d) clarity and completeness in communication.

***NOTES AND PREREQUISITES***

Please note that in case the health situation relating to Covid-19 does not allow face-to-face teaching, distance learning will be guaranteed. Modalities will be communicated to students promptly.

1. I testi indicati nella bibliografia sono acquistabili presso le librerie di Ateneo; è possibile acquistarli anche presso altri rivenditori. [↑](#footnote-ref-1)