# Managerial Economics

## Proff. Chiara Mussida – Miguel Á. Malo

**Module I – Competitive Behavior**

Prof. Chiara Mussida

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

This course is designed to equip students with the tools and insight for the application of economic principles and methodologies to decision-making process within the firm or organization. Managerial economics can be seen as a means to an end by managers, in terms of finding the most efficient way of allocating their scarce resources and reaching their objectives. Managerial economics is related to economic theory (macroeconomics and microeconomics), decision sciences and business functions.

At the end of this course, the student will be able to:

1) Understand and assess the decision making process of the manager in the firm (production, costs and revenues, profits).

2) Understand and assess the strategies adopted by the firm.

3) Estimate and assess the impact of the strategical choices of the firm on its performance.

4) Apply frameworks and tools for the management decision-making process.

***COURSE CONTENT***

The course content is organized as it follows:

1. Review of the basic managerial economics’ concepts.
2. What are the relevant factors behind a firm decision making process? What are the main factors influencing the decision making process of the manager in the firm? How much to produce?
3. What is the structure of its costs and revenues? Is it efficient in terms of cost-benefits?
4. Assessment of the strategies adopted by the firm: indicators for synthetic/static and dynamic assessment of the strategies adopted.
5. Performance and strategies: techniques of estimation of the impact of the strategical choices of the firm on its performance.
6. How the market works? Concepts and functioning of perfectly competitive markets, monopoly and monopolistic competition.
7. Competitiveness of the markets and of the firms: indicators and data.

***READING LIST***

- Lecture slides

N.Wilkinson, *Managerial Economics: A Problem-Solving Approach*, Cambridge University Press, 2005.

N.G. Mankiw, *Principles of Economics (fifth edition),* South Western Cengage Learining, USA, 2009.

Baye and Prince, *Managerial Economics and Business* Strategy, Global Edition, McGraw-Hill Education (UK), 2013.

- Additional materials (papers, readings, worksheets) will be provided by the instructor throughout the course.

***Course Methodology***

# The course is structured as a mix of lectures, laboratories and class discussion of assigned readings. It is therefore important that students come to each class prepared to be active participants. Further, to stimulate interaction and experiential learning, group work will be assigned and assessed as an integral part of the course evaluation. Group assignments are described in details in the analytical programme.

# The course assumes full attendance and active participation in and outside class. Should students have problems in attending, they should please contact the instructor.

***ASSESSMENT METHOD AND CRITERIA***

The final grade is the weighted average of class participation (20%), assignments (30%), and final written exam (50%). School participation can give up to 6 points, the assignments during the course (written and oral assignments) a maximum of 9 points and the last half of the grade, i.e. 15 points is given by the final written exam. This latter is made by open questions and it is mandatory.

In the case of students not attending class the closed book written exam is worth 100%.

The course evaluation is expressed by means of a grade on a 30-point scale.

***NOTES AND PREREQUISITES***

Since some concepts come from microeconomics, students with an economic background might be advantaged. However, attending the course, reading in advance learning materials and actively participating to the discussion in class will for sure enable student to obtain a good understanding of the topics and will be important for successfully perform at the exam.

Information on office hours is available on the teacher's personal page at <http://docenti.unicatt.it/>.

**Module II – Advanced Economics Scenarios analysis**

prof. Miguel Á. Malo

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

The includes some important topics, such as : national output and income and their measurement, unemployment and inflation, growth and stability, interest rates, money, banks, and central banking, international trade, balance of payments and exchange rates, macroeconomic policy alternatives.

This should result in students being able to:

1) Intelligently comment on current events correctly using macroeconomic concepts.

2) Correctly apply a simple macroeconomic model to predict the results of different economic events and policy changes.

3) Knowing the definitions of the parts of national income and balance of payments accounts.

4) Knowing the structure, governance, and duties of the European Central Bank.

5) Knowing how monetary and fiscal policy work, and the limits placed on using them for members of the Euro Zone.

6) Demonstrate an understanding of the functions and determinants of interest rates.

***COURSE CONTENT***

The course content is organized as it follows:

1. Introduction. Terminology. A simple model.

2. National Output and its measurement.

3. Money: the gold standard and fiat money. Money “creation” and fractional banking.

4. The European Central Bank and monetary policy within and without of the Euro zone. From conventional to unconventional monetary policies.

5. The importance of economic expectations. FIRST SHORT EXAM (one hour).

6. A macroeconomic model of the labour market.

7. International Trade, Balance of Payments, and exchange rates.

8. Strengths and weaknesses of macroeconomic policy alternatives.

***READING LIST***

- Lecture slides

- D. A. Moss, *A Concise Guide to Macroeconomics: What Managers, Executives, and Students Need to Know (2nd edition)*, Harvard Business Review Press, 2014.

- Additional articles from the press and websites will be indicated in class and in the lecture slides (with clickable links) and posted at the course website.

***Course Methodology***

The course is structured as a mix of lectures, collective discussion of short pieces from the press and the web. It is therefore important that students come to each class prepared to be active participants.

# The course assumes full attendance and active participation in and outside class. Should students have problems in attending, they should please contact the instructor.

***ASSESSMENT METHOD AND CRITERIA***

Each student will be required to write one short (about 250 words) essay on recent economic news. There will be a list of topics, and the students can choose one of them. These essays will be graded on the correct use of course content to comment on the assigned topic. In addition, the students will have to present the main lines of one of the two essays to the rest of students (maximum time: 5 minutes). These essays are 20% of the course grade (10% for the essay and 10% for the oral presentation). Oral presentations will be in the second part of the course (after the first short exam).

Two short exams, each one hour long, on course material. These exams will combine “factual” questions asking the students to recall specific things from the course material, and one “application” question asking the students to apply some key concepts to stated conditions. The “factual” questions will weigh more in the evaluation of the exam. Each short exam is worth 20% of the course grade (15% the “factual” questions and 5% the “application” question).

A longer examination consisting of the same combination of questions, but with more weight on “factual” questions. The examination is 40% of the course grade (30% the “factual” questions and 10% the “application” questions).

In the case of students not attending class the closed book written exam is worth 100%.

The course evaluation is expressed by means of a grade on a 30-point scale.

***NOTES AND PREREQUISITES***

Good fluency in conversational English. Moderate fluency in written English. Comfort with numbers and good algebra skills.

Information on office hours will be posted on the teacher's personal page.