



APPLIES TO ACADEMIC YEAR 2008/2009

GRA 8055 Managerial Economics

Program

Executive Master of Business Administration (EMBA) Program

Responsible for the course

Department

Department of Economics

Term

According to study plan

ECTS Credits

5

Language of instruction

English

Learning outcome

The purpose of this course is to study the behaviour of rational economic agents in order to understand how their interaction – under various market arrangements – determine the price – and output constellations we observe in “the real world”. Particular emphasis will be placed on the strategic considerations of profit maximizing business firms – for instance in regard to their decisions concerning advertising, product differentiation, vertical integration and entry/exit in an industry.

Most business decisions will benefit from being evaluated with a firm grasp of the equilibrium response in the market. The ambition of this course is to develop in the students an intuitive and also analytical feeling for the workings of the market mechanism. In the last 20 years attention has been directed more and more towards a business managers strategic decisions, by which we mean decisions in situations where there are interactions between rational economic actors; actors which may all be smart, clever, energetic and well informed. What is called game theory offers a scientific approach to strategic decision-making of this kind, and game theory will accordingly play a role in this course as a theoretical model to approach the solutions of real-world problems.

Prerequisites

EMBA, general prerequisites

Compulsory literature

Books:

Samuelson, William F. and Stephen G. Marks. 2006. Managerial Economics. 5th ed. John Wiley & Sons, Inc. Selected parts

Recommended literature

Course outline

- Demand, supply and the market
 - The theory of the firm
 - Costs and supply
 - Perfect competition and monopoly
 - Market structure
 - Game theory and interdependent decisions

Computer-based tools

None

Course structure

Chapters 3, 6, 7, 8, and 9 in the textbook are essential to the course. In addition will the understanding of the basic principles be enhanced by working through some selected cases. The teaching methods will be class-based lectures, with inputs from the students based on their prepared readings of the textbook.

Evaluation

Two hand-ins, one by the groups, one individually, where each accounts for 50 %.

Evaluation code(s)

GRA 80551 - Process evaluation; accounts for 100 % to pass the program GRA 8055, 5 ECTS credits

The course is a part of a full Executive Master of Business Administration Program and all evaluations must be passed to obtain a certificate for the degree.

Aids at the examination

All

Makeup exam

Re-takes are only possible at the next time a course will be held. When course evaluation consists of class participation or process elements, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee.