

MID-WESTERN UNIVERSITY, FACULTY OF MANAGEMENT
 MASTER IN BUSINESS ADMINISTRATION (MBA), SYLLABUS 2072 (2016)

Course Title		Managerial Economics
Course Code Number		MGT 523
Credit Hours		03
Year: I		Semester: II
Course Objectives:		
Main Objective		This course aims to develop students' analytical skill in the principles of economics for understanding the decision-making process of the firms and industries. This course includes the discussions on how consumers make their choices and decisions and how producers under different markets determine the prices and outputs of their products
Enabling Objectives		After the completion of the course students will be able to; <ul style="list-style-type: none"> • Understand different theories of economy and their impact in decision making. • Apprise the relation of demand and supply. • Analyze the different market structure and its relation with firm and industry; price and output.
Learning Unit (LU)	Learning Hours (LH)	Contents
LU 1	6	Introduction to Managerial Economics Economic systems; problems of scarcity and choices; nature and scope of managerial economics; business decisions and economic analysis; economic theory and managerial economics; managerial economist's role and responsibility; risk and uncertainty; basic tools and techniques used in managerial economics. Case Study
LU 2	10	Market Forces of Demand and Supply Demand and supply as the market forces; demand: concept, determinants, shifts in the demand curve, demand forecasting; supply: concept, determinants, shifts in the supply curve, and supply forecasting; individual and market demand/supply curves; equilibrium: interaction of demand and supply; application of demand and supply in price and quantity determination; price control, quantity control, and their implications; consumer surplus, producer surplus, and deadweight loss; elasticity: concept, calculation of elasticity of demand (price, income, cross) and elasticity of supply; their applications. Case Study
LU 3	8	Theory of Consumer Behavior Utility analysis: assumptions, consumer's equilibrium, applications; indifference curve analysis: assumptions, properties, budget line; consumer's equilibrium; decomposition of price effect into income and substitution effects; applications: tax and subsidy, income/leisure choice of a worker. Case Study
LU 4	8	Theory of Production and cost

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		Theory of production; law of variable proportions; equilibrium of a producer in the short run; expansion path; laws of returns: isoquants, equilibrium of a producer (output maximization and cost minimization); costs: different components of costs (fixed and variable costs); TC, MC, AC, AVC, AFC and their relationships; concept of L-shaped long-run average cost (LAC) curve; economies and diseconomies of scale. Case Study
LU 5	8	<p>Theory of firm</p> <p>Goals of the firm; distinction between firm and industry; price and output determinations under different markets</p> <p>Perfect competition: meaning, revenue curves, equilibrium of the industry, short-run equilibrium of the firm, supply curve, long-run equilibrium of the firm; monopoly: meaning, revenue curves, price and output determination under monopoly (short run and long run); pricediscrimination: the analytics of price discrimination, its examples (movie tickets, transportation fares, discount coupons, financial aid, quantity discounts); duopoly and oligopoly: meaning and examples, equilibrium, cartel, price leadership; monopolistic competition: meaning, price and output determination under such markets (short run and long run); game theory and the economics of cooperation.</p>
LU 6	8	<p>Investment Decisions</p> <p>Investment criteria; capital budgeting; appraising project profitability; investment decisions under uncertainty; public investment decision; profit concepts and analysis, Case Study</p>
References		<ol style="list-style-type: none"> 1. Dwivedi, D.N. (2012). <i>Microeconomics: Theory and Applications</i>. New Delhi: Pearson Education. 2. Dwivedi, D.N. (2008). <i>Managerial Economics</i>, 7th ed. New Delhi: Vikas Publishing House. 3. Mankiw, N. Gregory (2007). <i>Principles of Economics</i>, 4th ed. Thomson Southwestern. 4. Peterson, H. Craig and W. Chris Lewis (1999). <i>Managerial Economics</i>, 4th ed. Pearson/Prentice-Hall International. 5. Salvatore, Dominick (). <i>Managerial Economics in a Global Economy</i>. Thomson Southwestern. 6. Salvatore, Dominick (2003). <i>Microeconomics: Theory and Applications</i>, 4th ed. New York: Oxford University Press

Net Contact Hour is 48 excluding the exams and tests.

Evaluation Module: 50 percent will be assessed through the internal evaluation and 50 percent will be assessed through end semester examination