

WOLLO UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
SEMESTER COURSE OUTLINE

Degree	B.A. in Management			Course	MGMT2170	
Module	Managerial economics			Course	Managerial economics	
Module				ECTS	5	
Course Information	Academic Year: Semester: I					
	Meeting day: Meeting time:					
	Meeting location:					
Instructor's Contact	Office: Phone:					
	Email: Office Hours:					
Student workload	Lecture		Assignment	Home Study		Total
	20		36	79		135
Course Objectives	After the completion of this course, students will be able to: <ul style="list-style-type: none">List the different goals and constraints that firms faceApply the economic way of thinking to business decisionsUse calculus (first and second order derivatives) to solve for an optimum solutionUnderstand how prices get determined in markets, how market participants benefit in the form of consumer surplus and producer surplus, and what are the consequences of government interventionMeasure the responsiveness of consumers' demand to changes in the price of a good or service, the price of other goods and services, and incomeUnderstand the different costs of production and how they affect short and long run decisions of managersUnderstand economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the performance of businessExplain the principal-agent problem and why different forms of compensation exists					
Course Description	Managerial Economics is concerned with the application of economic principles and methodologies to business decision problems. In this course students will increase their understanding of economics and learn a variety of techniques that will allow them to solve business problems relating to costs, prices, revenues, profits, and competitive strategies. The course, accordingly, is concerned with both theory and practice: the theory serves to sharpen analytical skills, and the practice will give experience in the application of the principles and techniques to real-world business problems. The course, having the set of mathematical techniques and economic theories and principles, will give students a deeply grounded insight on such matters as to what combination of those theories and techniques should they employ in what situations in making attempts to address managerial problems.					
Pre-	Microeconomics II					
Status of	Core					
Schedule						
	Topics and Sub Topics				Chapter objective	

CHAPTER ONE INTRODUCTION MANAGERIAL ECONOMICS 1.1 Definition, Managerial Issues, Decision Making 1.2 Scopes of Managerial Economics 1.3 The nature of the firm 1.4 Goals and Constraints 1.5 the circular flow of economic activity 1.6 The concept of profits		After completing this chapter students will be able to: <ul style="list-style-type: none"> ✓ Define managerial economics ✓ Justify why business firms exist ✓ Identify the constraints of firms ✓ Describe the circular flow of economic activities ✓ Differentiate the different concepts of profits
TEACHERS ACTIVITY		STUDENTS ACTIVITY
<ul style="list-style-type: none"> ✓ Introduce teachers him/herself ✓ Introduce the subject/course ✓ Asking brainstorming questions ✓ Giving group discussion points ✓ Provide activities ✓ Summarizing the main points of the chapter ✓ Giving home work assignment 		<ul style="list-style-type: none"> ✓ Answering brain storming questions asked by the instructor. ✓ Taking lecture ✓ Discussing the given activities. ✓ Reflection on the class room, home based activities. ✓ Taking assignment
CHAPTER TWO Fundamental Economic Concepts 2.1 Equilibrium Analysis: <ul style="list-style-type: none"> • Supply and Demand Relationships 2.2 Marginal Analysis 2.3 The Time Value of Money	After completing this unit, students will be able to: <ul style="list-style-type: none"> • Understand the difference between individual and market demands. • know factors that determine the market demand of a commodity • Measure the response of market demand to changes in the determinants such as price and income. • Explain the reaction of consumers to changes in their incomes, their preference, the price they face, and other economic variables • explain the meaning of time value of money • solve future value and present value 	
TEACHERS ACTIVITY		STUDENTS ACTIVITY
<ul style="list-style-type: none"> ✓ Revised last lesson ✓ Asking brainstorming questions ✓ Giving group discussion points ✓ Provide activities ✓ Giving feedback on their presentation ✓ Summarizing the main points of the chapter ✓ Giving homework assignment 		<ul style="list-style-type: none"> ✓ Answering brain storming questions asked by the instructor. ✓ Taking lecture ✓ Discussing the given activities. ✓ Taking assignment
UNIT 3 - OPTIMIZATION TECHNIQUES 3.1 Introduction 3.2 Types of Optimization Techniques 3.3 Differential Calculus and optimization <ul style="list-style-type: none"> ✓ Applications of Differential Calculus to Optimization Problems ✓ Partial Differentiation and Multivariate Optimization ✓ Constrained Optimization/ langrange multiplier technique 	After completing this unit, students will be able to: <ul style="list-style-type: none"> • Understand the concept of Optimization Techniques • Use the method of Lagrange multiplier method in solving economic problems. • understand the concept of differential calculus • Compute the partial derivatives. • Apply the partial derivatives concepts in solving economic problems. 	
TEACHERS ACTIVITY		STUDENTS ACTIVITY
<ul style="list-style-type: none"> ✓ Revised last lesson ✓ Asking brainstorming questions/ about risk, decision making, uncertainty ,etc/ ✓ Lecturing 		<ul style="list-style-type: none"> ✓ Answering brain storming questions asked by the instructor. ✓ Taking lecture ✓ Discussing the given activities.

<ul style="list-style-type: none"> ✓ Giving group discussion points ✓ Provide activities ✓ Summarizing the main points of the chapter 		<ul style="list-style-type: none"> ✓ Taking assignment
	Chapter four: Demand and demand forecasting 4.1.Introduction 4.2 Analysis of market Demand 4.3 Demand Function 4.4 Elasticity of Demand and its application 4.5. Demand forecasting 4.5.1 qualitative forecasting 4.5.2 quantitative forecasting	At the end of this chapter students will be able to: <ul style="list-style-type: none"> ➤ Understand the market and individual demand ➤ Understand the application of elasticity for managerial decision ➤ Know and apply the qualitative and quantitative forecasting techniques
TEACHERS ACTIVITY		STUDENTS ACTIVITY
<ul style="list-style-type: none"> ✓ Revised last lesson ✓ Asking brainstorming questions ✓ Lecturing ✓ Giving group discussion points ✓ Provide activities ✓ Summarizing the main points of the chapter 		<ul style="list-style-type: none"> ✓ Answering brain storming questions asked by the instructor. ✓ Taking lecture ✓ Discussing the given activities. ✓ Reflection on the class room, home based activities. ✓ Taking assignment
	UNIT 5: DECISION MAKING UNDER RISK AND UNCERTAINTY 5.1. The Nature of Decision Making 5.2 Meaning and Measurement of Risk 5.2.1. The Meaning of Risk 5.2.2. Risk and Probability Distributions 5.2.3. Risk and Expected values of an Investment 5.3. Approaches of incorporating Risk into Decision Making Process 5.4. Decision Making Under Uncertainty	At the end of this unit students will be able to: <ul style="list-style-type: none"> ✓ Describe decision making in different situations ✓ Know the application risk and probability distribution in investment evaluation ✓ Evaluate investment in risk environment ✓ Understand how to make investment decisions in uncertainty
TEACHERS ACTIVITY		STUDENTS ACTIVITY
<ul style="list-style-type: none"> ✓ Revised last lesson ✓ Asking brainstorming questions ✓ Giving group discussion points ✓ Provide activities ✓ Summarizing the main points of the chapter 		<ul style="list-style-type: none"> ✓ Answering brain storming questions asked by the instructor. ✓ Taking lecture ✓ Discussing the given activities. ✓ Taking assignment
	CHAPTER SIX: PRODUCTION AND COST ANALYSIS 6.1. theory of production 6.2 theory of cost 6.3. Economies and Diseconomies of scale 6.4. Economies of scope	After completing this chapter, students will be able to <ul style="list-style-type: none"> ✓ Define theory of production and theory of cost ✓ Describe the concept of Economies and Diseconomies of scale ✓ Solve Economies of scope problems.
TEACHERS ACTIVITY		STUDENTS ACTIVITY
<ul style="list-style-type: none"> ✓ Revised last lesson ✓ Asking brainstorming questions ✓ Lecturing ✓ Giving group discussion points ✓ Provide activities ✓ Giving feedback on their presentation 		<ul style="list-style-type: none"> ✓ Answering brain storming questions asked by the instructor. ✓ Taking lecture ✓ Discussing the given activities. ✓ Reflection on the class room, home based activities.

<ul style="list-style-type: none">✓ Summarizing the main points of the chapter✓ Giving homework assignment		<ul style="list-style-type: none">✓ Taking assignment								
	CHAPTER SEVEN: PRICING STRATEGIES AND PRACTICES 7.1 Introduction 7.2 Pricing strategies	After completing this chapter, students will be able to <ul style="list-style-type: none">✓ Define pricing strategies✓ Describe the different types of pricing strategies								
TEACHERS ACTIVITY		STUDENTS ACTIVITY								
<ul style="list-style-type: none">✓ Revised last lesson✓ Asking brainstorming questions✓ Lecturing✓ Giving group discussion points✓ Provide activities✓ Giving feedback on their presentation✓ Summarizing the main points of the chapter✓ Giving home work assignment		<ul style="list-style-type: none">✓ Answering brain storming questions asked by the instructor.✓ Taking lecture✓ Discussing the given activities.✓ Reflection on the class room, home based activities.✓ Taking assignment								
Reference:	<ul style="list-style-type: none">✓ Peterson And Lewis , Managerial Economics, Pearson Education, Plc,1999✓ Chrystal and Lipsey, Economics for Business and Management, Oxford University Press, 1997.✓ Graham Pearson , Managerial Economics, Addison Wesley Publishing Company, 1980✓ Maurice et.al Managerial Economics And Business Strategy, Mcgraw Hill Primis, 2002✓ Maurice, Thomas, and Smithson. <u>Managerial Economics</u>, 4th ed. Richard D. Irwin, Boston. 1992.✓ Truett , Managerial Economics ,Analysis Problems And Cases, South Western Publishing Co, 1992✓ Webster J. Thomas, <u>Managerial Economics</u>, theory and practice, Academic Press,2003✓ McGuigan and Moyer. <u>Managerial Economics</u>, 5th ed. West Publishing Company.1989.✓ Pappas and Hirschey. <u>Managerial Economics</u>, 6th ed. The Dryden press 1990.✓ D.N. Dwivedi, <u>Managerial Economics</u>, Vikas Publishing House Pvt Ltd., New Delhi, 1989.									
Assessment Arrangement	<table><tr><td><u>Activities Points</u></td><td></td></tr><tr><td>Assignments</td><td>50</td></tr><tr><td>Final Exam</td><td><u>50</u></td></tr><tr><td>Total Points</td><td>100</td></tr></table> <p>Final exam will cover ALL material</p>		<u>Activities Points</u>		Assignments	50	Final Exam	<u>50</u>	Total Points	100
<u>Activities Points</u>										
Assignments	50									
Final Exam	<u>50</u>									
Total Points	100									