



University of Management and Technology

School of Commerce and Accountancy

Quaid e Azam Campus

Course Outline

Course Title: Managerial Economics (EC-360)	
Program	
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	
Resource Person	
Contact/Email	

Course Description:

Managerial Economics as a course required for effective resource management was put in place due to the following developments in the global business environment:

- (a) Growing complexity of business decision-making processes.
- (b) Increasing need for the use of economic logic, concept, theories, and tools of economic analysis in the process of decision-making.
- (c) Rapid increases in the demand for professionally trained managerial manpower. These developments have made it necessary that every manager aspiring for good leadership and achievement of organizational objectives be equipped with relevant economic principles and applications. Unfortunately, a gap has been observed in this respect among today's managers. It is therefore the aim of this course to bridge such gap.

Learning Objectives:

After studying this course the students will be able to:

1. Understand the relative importance of Managerial Economics;
2. Know how the application of the principles of managerial economics can aid in the achievement of business objectives;
3. Understand the modern managerial decision rules and optimization techniques;
4. Be equipped with tools necessary in the analysis of consumer behaviors, as well as in forecasting product demand;
5. Be equipped with the tools for analyzing production and costs;
6. Understand and be able to apply latest pricing strategies;

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Skill Development Exercises
- Guest Speakers
- Industrial/Corporate Visits
- Project Report/Term Paper

Recommended Text Book:

1. Mark Hirschey. *Managerial Economics, Tenth Edition*
2. Dwivedi, D. N. (2002) *Managerial Economics, Sixth Edition* (New Delhi: Vikas Publishing House Ltd)

Supplementary Text Books:

1. Baye, Michael. *Managerial Economics and Business Strategy*. Seventh Edition. Boston: McGraw-Hill Irwin, 2010.
Type: Textbook. ISBN: 978-0-07-337596-0 / 07-337-596-9
2. Baye, Michael. *Study guide for use with Managerial Economics and Business Strategy*. Seventh Edition. Boston: McGraw-Hill Irwin, 2010.
Type: Study Guide. ISBN: 978-0-07-724574-0 / 07-724574-1

Assessment & Evaluation:

Quizzes	15%	
Assignments	}	
Final Project		20%
Project Presentation/Presentations		
Mid Term	25%	
<u>End Term Exam</u>	<u>40%</u>	
Total:	100	

SEHEDULE OF ACTIVITIES

Week	Contents/Topics to be Taught	Tasks/Activities
1	Introduction Definition of Managerial Economics Economic Analysis and Business Decisions Scope of Managerial Economics Managerial Economics and Gap between Theory and Practice	Course Outline Distribution
2	Objectives of a Business Firm Meaning and Theories of Profit Profit maximization as a Business Objective	
3	Sales, Growth Rate, and Maximization of Utility function as business objectives Long-Run Survival, Market Shares, and Entry Prevention	Assignment 1
4	Constrained Optimization The Substitution Method. Lagrangian Multiplier Method	Quiz 1
5	Decision Analysis Certainty and Uncertainty in Decision Analysis Analysis of the Decision Problem Expected Monetary Value Decision Decision-Making Involving Sample Information Time Perspective in Business Decisions	Assignment 2
6	<i>Analysis of market Demand and Supply</i> Introduction	Quiz 2

	Analysis of Market Demand and Supply Definition of Market Demand and Supply Types of Demand and Supply Determinants of Market Demand and Supply	
7	Demand Functions Linear Demand Function Non-Linear Demand Function Multi-Variate or Dynamic Demand Function	
8	MID TERM EXAMINATION	
9	Elasticity of Demand Own-Price Elasticity Cross-Elasticity Income-Elasticity Advertisement-Elasticity Elasticity of Price Expectation	
10	<i>Production and Cost Analysis</i> Introduction The Theory of Production The Production Function Optimal Input Combinations Input Price Changes and the Optimal Combinations	Assignment 3
11	Theory of Cost Short run Theory of Cost Seven family cost curves Relationship between Production and Cost Curves The Business Cost Concepts The Theory of Cost: Cost-Output Relations	Quiz 3
12	Long-run Theory of Cost Graphical Representation of Long Run Cost Economies, Diseconomies and Constant Returns to Scale	Assignment 4

13	Break-Even Analysis Break-Even Analysis: Linear Cost and Revenue Functions Break-Even Analysis: Non-Linear Cost and Revenue Functions	
14	<i>Market Structure and Pricing Decisions</i> Introduction Price Determination under Perfect Competition Pricing in Market Period Pricing in the Short-Run Pricing in the Long-Run	Quiz 4
15	Price Determination under Pure Monopoly Monopoly Pricing and Output Decision in the Short-Run Monopoly Pricing and Output Decision in the Long-Run	Project Presentations
16	END TERM EXAMINATION	