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Managerial Economics

PROF. CHIARA MUSSIDA; PROF. THOMAS TIEMANN

Module I – Economic Scenarios

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

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 Learning, USA, 2009.



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- 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.

Teaching method

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.

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.

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 - Economic Scenarios

PROF. THOMAS TIEMANN

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.



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Course content

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.
5. The importance of economic expectations. TEST (one hour).
6. A model of interest rates and the determination of real and nominal rates.
7. GDP Accounting, 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.

Teaching method

Traditional lectures and - occasionally - collective discussion of short pieces from the press and the web.

Assessment method and criteria

Each student will be required to write two short (about 250 words) essays on recent economic news. A topic will be assigned most class days, and the students can choose any two. These essays will be graded on the correct use of course content to comment on the assigned topic. These essays are each worth 10% of the course grade.

Two tests, each one hour long, on course material. These tests will each have two sections: about 20 "factual" questions asking the students to recall specific things from the course material, and about 15 "application" questions asking the students to apply a concept to stated conditions and decide the correct outcome. Application questions will count 4 points each, factual questions 2 points each. All questions will be multiple choice questions. Each test is worth 20% of the course grade.

A written examination consisting of 40 "factual" questions and 30 "application" questions. The examination is 40% of the course grade.

Notes and prerequisites

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

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