


**State Educational Establishment  
Belarus State Economic University**

APPROVED

Rector of State Educational Establishment  
Belarus State Economic University

  
V.Y. Shutsilin  
«08» of 10 2019 r.  
Registration № 4138-19.

**Managerial Economics**

**Course Syllabus of State Educational Establishment  
for master students**

**for specialty: 1-26 80 03 «Business administration»**

2019

**DESIGNED BY:**

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**REVIEWS:**

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**RECOMMENDED TO APPROVAL:**

Department of Economic and Management of the Educational Establishment "Belarus State Economic University"  
(Protocol No. 1 from "05" of September 2019).

The Scientific and Methodological Council of the Educational Establishment "Belarus State Economic University"  
(Protocol No. 1 from 18.10.2019).

## EXPLANATORY NOTE

The discipline "Managerial Economics" is an independent discipline. Discipline studies the practical use of economic knowledge in the process of taking managerial decisions.

1.1. The purpose of teaching discipline is scientific and applied knowledge in the field of economics, primarily microeconomics in the process of taking managerial decisions.

1.2. Objectives of studying the discipline

The main objectives of the course are:

- discovering of the content of the main economic categories;
- study of the basic theories of the functioning of firms and market structures;
- familiarization with problem situations and smart solutions to standard problem situations;
- gaining experience depending on certain factors;
- study of methods for assessing the costs of firms in the near and long term and activities aimed at maximizing the profits of firms;
- acquirement of the strategic analysis of the company;
- analysis of investment activity

As a result of studying the discipline, the student must:

### **know:**

- content of the main economic categories: company, demand, elasticity of demand, costs, profits, etc.;
- basic theories of firms and organization of firms, especially the activities of firms;
- factors influencing the demand for the company's products;
- signs of market structures, as well as the basic principles of maximizing the profits of firms in various market conditions;
- principles and tools related to investment analysis;
- areas of interaction between government and private business.

### **have skills:**

- application of theoretical knowledge in the application of government decisions;
- assessment of demand for the company's products;
- making decisions on the optimal distribution of limited resources between competing areas;
- calculation of the elasticity of demand for the company's products;
- determination of the amount of expenses in the short and long term;
- application of the principles of game theory in management activities;

# CONTENT OF EDUCATIONAL MATERIAL

## **Topic 1. Introduction to Managerial Economics**

The concept of managerial economics and its connection with other disciplines. Subject of study. Case study. Elements of a managerial economy. Discipline methodology.

## **Topic 2. Analysis of Market Forces**

Elements of the market mechanism. Competition, its types. Demand, supply, and price competition. Competition: concept, classification of species. Intra and inter-sectoral, price and non-price, fair and unfair competition.

The law of supply, demand factors, types of demand. Dependence of demand on price. Demand schedule. The law of demand. Non-price factors of demand. Individual and market demand.

The law proposal, supply factors, types of sentences. The dependence of the proposals on the price. Schedule proposal. The law of supply. Non-price factors proposals. Individual and market equilibrium.

Market equilibrium. Sectoral market equilibrium. The consequences of price deviation from the equilibrium level. Trade deficits and trade surpluses. Supply and demand changes and their impact on the price. Consumer surplus, producer surplus.

The elasticity of demand, supply elasticity, elasticity factors. The concept of elasticity, the elasticity coefficients from the value. Price elasticity of demand, income elasticity of demand, the cross-elasticity of demand Price elasticity of supply. Factors affecting the degree of elasticity.

## **Topic 3. Analysis and Assessment of Production**

Enterprise as an economic entity. Enterprise, firm, industry. Organizational-legal forms of enterprises. The role of small and medium business in the economy of the Republic of Belarus. The notion of a rational producer.

Production and production function. Production choice in the short term. Fixed and variable factors of production. Total, average and marginal product: concepts, measurement, relationship. The law of diminishing marginal productivity. Production choice in the long run. The first. The marginal rate of technological substitution.

The concept and classification of costs. Alternative costs. External and internal costs and normal profit. Accounting and economic costs.

Production costs in the short term. Fixed and variable costs. Total, average, marginal costs, their dynamics.

Production costs in the long term. The effects of scale. The problem of the optimal size of the enterprise.

The isocost. The rule of cost minimization. A cost-effective method of production. The balance of the manufacturer.

Income and profit of the firm. Total, average, marginal revenue. Normal profit. Economic and accounting profit. The rule of profit maximization.

#### **Topic 4. Competitive Environment and Decision-Making about Prices and Production**

The concept of the firm, the theory of firms. Market concept. Market structures.

Types of market. Transaction costs and the nature of the company.

The types of competition and basic market structure in modern economies.

The main factors that determine the type of market structure. Characteristics of perfect competition, monopolistic competition, oligopoly and monopoly.

The indicators characterizing the size of the firms. The entropy index and the Herfindahl-Hirschman index as a means of assessing the degree of market concentration.

The markets of homogeneous and heterogeneous goods. Assessment of the degree of homogeneity of the product. The combination of the interaction of buyers and sellers in the market of homogeneous goods.

The main types of barriers to entry of firms into the market. The notion of strategic and non-strategic barriers, and the indicators characterizing them. Restrictions of access to market information.

Graphical analysis of long term production costs for different types of market structures using the concept of minimum effective volume of output.

Perfect competition, its main features. The demand for the product and marginal revenue of a perfect competitor.

Equilibrium of the firm is perfect competitor in the short term (minimization of losses, maximization of profit). Two approaches in the analysis: the principle of comparing total revenue with total cost, the principle of comparison of marginal revenue with marginal cost. Marginal cost and supply curve of the firm in the short term.

Equilibrium of perfect competitor in the long run. Long run supply in competitive industry.

Perfect competition and efficiency.

Monopoly and market power. The notion of a pure and simple monopoly. Types of monopoly: natural, public and private monopolies. The main features of pure monopoly. Monopsony. Factors monopolization.

The demand for the product and marginal revenue of a monopolist. Determination of price and output in pure monopoly in the short and long term.

The main features of monopolistic competition. Differentiation of the product.

Equilibrium of the firm is a monopolistic competitor in the short run (profit maximization, minimization of losses).

Equilibrium of the firm is a monopolistic competitor in the long run. The profitability of firms.

Monopolistic competition and efficiency. Excess production capacity.

Non-price competition. Differentiation and product development. Advertising. Costs of non-price competition.

Oligopoly. Typology of models of oligopoly. A model based on cooperative strategies (cartel model).

Models based on non-cooperative strategy: a model with sequential decision making (the leadership model on the price leadership model in terms of production), models with simultaneous decision making (a model with simultaneous establishment of output, the model with simultaneous pricing – price wars).

The problem of stability of prices under conditions of oligopoly. The model with a kinked demand curve.

Expected utility theory. Simultaneous and sequential move games. Nash Equilibrium Domination of strategies. Backwards Induction.

Equilibrium in strong dominant strategies. Equilibrium in weak dominant strategies.

Nash equilibrium. Mixed strategies

Prisoner's dilemma. Nash equilibrium and Pareto-efficiency

Games of Incomplete Information. Mixed strategies.

Models of bargaining. Bertrand Model. Cournot Model. Repeated Games

## **Topic 5. Analysis of Economic Results of Company Activity and Efficiency of Internal Business Processes**

Price discrimination: conditions, forms, effects.

Price discrimination: the essence and main types. Perfect price discrimination and discrimination in segmented markets. Graphical analysis of the strategy of price discrimination.

The rule of thumb as a way of determining the prices for the products of the monopolist. The index of monopoly power Lerner and its use.

Pure monopoly and efficiency. The economic consequences of monopoly. The social costs of monopoly. The regulated monopoly.

Market power, its sources. Monopoly. The indicators of monopoly power.

Antitrust laws and antitrust regulation: world experience and peculiarities in the Republic of Belarus.

Hidden characteristics of benefits. Asymmetric information and adverse selection.  
Moral hazard. Signaling and screening. Contract theory.  
Pareto efficiency and the market. Efficiency and market regulation. Market failures  
and government intervention in the economy.

### 3. COURSE MAP

Number of section, topic	Section, topic, lecture/practical/seminar; subjects under consideration	In-class hours						Other	Form of control
		Lectures	Practicals	Seminars	Lab classes	Controlled independent work			
						Lectures	Seminars		
1	2	3	4	5	6	7	8	9	10
1.	<b>Topic 1. Introduction to Managerial Economics.</b>	2		-		2		[1,4,5,6,11,12]	
2.	<b>Topic 2. Analysis of Market Forces</b>	6		6		6	6	[1,2,3, 6,10,11,12 ]	Quiz
3.	<b>Topic 3. Analysis and Assessment of Production</b>	4		6		6	6	[1,2,4,5,6,9,11,12 ]	Quiz
4.	<b>Topic 4. Competitive Environment and Decision-Making about Prices and Production</b>	6		6		6	8	[1,2,3,6,10,11,12 ]	Quiz
5.	<b>Topic 5. Analysis of Economic Results of Company Activity and Efficiency of Internal Business Processes</b>	8		8		8	8	[1,2,5,6,10,11,12 ]	Quiz
	All	26		26		28	28		Exam



## COURSE RESOURCES

### Course Books

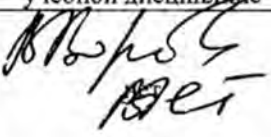
#### Main literature:

1. Baye, Michael. *Managerial Economics and Business Strategy*. 6th Edition. 2010.
2. Brickley J., Smith C., Zimmerman J. *Managerial economics and organizational architecture*. – McGraw-Hill Education, 2015.
3. Bridge J., Dodds J. C. *Managerial decision making*. – Routledge, 2018.
4. Froeb L. M. et al. *Managerial economics*. – Cengage learning, 2015.
5. Hirschey M., Bentzen E. *Managerial economics*. – Cengage Learning, 2016.
6. Swift T. K. James R. McGuigan, R. Charles Moyer, and Frederick H. deB. Harris (eds.): *Managerial economics: applications, strategy, and tactics*. – 2018. p.

#### Additional literature:

7. Aier, Jagadison K, Joseph, Comprix, Matthew T Gunlock, Deanna Lee. "The Financial Expertise of CFOs and Accounting Restatements." *Accounting Horizons*, vol. 19, – 2005.
8. Arora. M. N., *Cost Accounting- Principles & Practice*, Vikas Publishing House Pvt. Ltd., New Delhi, Tenth edition, – 2007.
9. Boyce, William. *The New Managerial Economics Biztantra*, – 2017.
10. Gopalakrishna, Himalaya. *A study of Managerial Economics*, Mumbai, – 670 p.
11. Joel, Dean, *Managerial Economics*. Eastern Edition, – 2014.
12. Keat, Paul, Young, Philip. *Managerial Economics*, Global Edition. Prentice Hall Publication. 7th Edition. – 2012 p.
13. Lee ,Curtis M. Grimm Hun, Smith, Ken G. *Strategy As Action: Competitive Dynamics and Competitive Advantage (Strategic Management Series)* – 2005.
14. Suma, Damodaran. *Managerial Economics*. Oxford University Press, – 2018 .
15. Sytse Douma, Hein Schreuder. *Economic Approaches to Organisations*. 5th Edition. Nov 2012

**Протокол согласования учебной программы по изучаемой учебной дисциплине с другими дисциплинами специальности**

Название дисциплины, с которой требуется согласование	Название кафедры	Предложения об изменениях в содержании учебной программы учреждения высшего образования по учебной дисциплине	Решение, принятое кафедрой, разработавшей учебную программу (с указанием даты и номера протокола)
Микроэкономика	Кафедра экономической теории		

**Дополнения и изменения к учебной программе  
на \_\_\_\_\_ учебный год**

№ п/п	Дополнения и изменения	Основание
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