

Elective course in the area **Advanced Economics**

Managerial Economics

Teaching Load 2.5 hours per week

Kind of course Elective in Master Programme

ECTS Credit Points 5 = 150 Stunden

Lecture: • 38 hours

Self-study: • 112 hours

➤ 45 hours: Required readings

➤ 67 hours: Exercises

Lecturer Prof. Dr. Peter Schuster

Course objective and Learning Outcomes

Learning Objectives:

- Understand how companies set their prices, what relevant costs exist and how the optimum can be found
- Analyse the influence of interdependent products
- Compare centralized versus decentralized decision-making and its influence on the solution and whether decentralized decision-making can be in the best interest of the company as a whole (NASH equilibrium)
- Understand how to determine optimum production programme and prices (limited capacity setting, multiple products)
- Understand optimum pricing policy with price discrimination
- Gain a revised understanding of the optimum condition in an oligopoly
- Understand the dilemma of the BERTRAND equilibrium
- Understand pricing and market mechanism in particular effects of limits of market efficiency, import ban of external supply, subsidization of prices
- Express welfare effects depending on price decisions
- Understand effects of uncertainty (risk) at market and prices
- Understand intertemporal pricing strategy
- Learn how to incorporate: the time value of money; interdependences between different periods into pricing

	<p>analysis</p> <p>Learning Outcomes:</p> <p>Identify and understand the contribution that can be gained from economics and economic theory (especially microeconomic analysis) when applied to selected management problems (especially optimization of business decisions).</p> <p>The aim of this course is to discuss selected topics on the basis of examples. In each case a short group presentation is to provide an overview on the concept itself and is then repeated by the solution of longer examples and exercises.</p>
Topics	<ol style="list-style-type: none"> I. Introduction II. Decision Analysis, Tools and Techniques III. Demand and Cost Analysis IV. Market Structure and Theories of the Firm V. Pricing and Related Decisions <p>Examples selected:</p> <ul style="list-style-type: none"> • On the optimality of prices • The relevance of costs • Multi-product firms and multi-product pricing • Competition and the optimality of prices • Pricing in auctions • Monopoly power and price setting • Imperfect markets and limits of market efficiency • Pricing under uncertainty • Intertemporal pricing strategies
Literature	<ul style="list-style-type: none"> ➤ ALLEN, B. W., K. WEIGELT, N. DOHERTY, and E. MANSFIELD (2009): <i>Managerial Economics. Theory, Applications and Cases</i>. New York: W.W. Norton ➤ BAYE, M. R. (2009): <i>Managerial Economics and Business Strategy</i>. Boston et al.: McGraw-Hill ➤ BRICKLEY, J. A., C. W. SMITH, and J. L. ZIMMERMAN (2009): <i>Managerial Economics and Organizational Architecture</i>. Boston et al.: McGraw-Hill Irwin ➤ PNG, I., and D. LEHMAN (2007): <i>Managerial Economics</i>.

	<p>Blackwell</p> <p>➤ SAMUELSON, W. F., and S. G. MARKS (2006): <i>Managerial Economics</i>. Hoboken, NJ: John Wiley & Sons</p> <p>Further references will be given during the classes</p>
Teaching Methods	Lectures, exercises and discussions
Grading	Final exam (100%)
Language of Instruction	English