

Course Title	Managerial Economics				
Course Code	AEF375				
Course Type	Compulsory				
Level	Bachelor (1 <sup>st</sup> Cycle)				
Year / Semester	3 <sup>rd</sup> Year / 6 <sup>th</sup> Semester				
Teacher's Name	TBA				
ECTS	6	Lectures / week	3 Hours / 14 weeks	Laboratories / week	None
Course Purpose and Objectives	To familiarize students with the tools that can be utilized to aid decision making in a business organization; To enable students to appreciate the contribution of economics (primarily microeconomics, but also macroeconomics) to the competitive behavior of business firms; To enable students to employ techniques and concepts from many functional areas of business administration (marketing, finance, human resource management, etc.).				
Learning Outcomes	<p>Upon successful completion of this course students should be able to:</p> <ul style="list-style-type: none"> <li>• Critically evaluate the theories of the economics of the firm, showing an appreciation of the strengths and limitations of the various approaches.</li> <li>• Compare and contrast competing models relating to the goals, organization and behavior of firms.</li> <li>• Apply managerial decision making tools for problem- solving.</li> <li>• Use statistical techniques (e.g., regression analysis) to estimate demand.</li> <li>• Decide on optimal pricing strategies under different market structures. Price discrimination, price leadership, limit pricing, collusive pricing, cost-plus pricing, and others are among the pricing strategies that will be examined.</li> <li>• Link management strategy concepts to microeconomic concepts.</li> <li>• Discuss and critically evaluate the implications of theory for 'real world' business behavior through the use of case studies.</li> </ul>				
Prerequisites	AEF100, AEF115	Co-requisites	None		
Course Content	<p>Introduction: Firms, Managers, and Economics; Definition of A Firm; Goals of the Firms' Profit Maximization Over Time; Role of the Manager.</p> <p>Tools for Managerial Decision Making: Consumer Demand Theory; Consumer Preferences; Consumer's Budget Constraint; Utility Maximization Consumer Demand; Market Demand; Characteristics and Estimation; the Elasticity of Demand.</p>				

Production and Costs: Production Function; Input Substitution; Cost Minimization; Cost Curves of the Firm; Relationship Between Long Run and Short Run Curves.

The Theory of the Firm: Competition Its Meaning; Short Run and Long Run Profit Maximization; Competitive Industry Equilibrium; Monopoly; Demand and Marginal Revenue Under Monopoly; Short Run and Long Run Monopoly Profit Maximization.

Decisions Under Uncertainty: Risk Versus Uncertainty; Management's Objective Function Expected Utility Theory; Risk Preferences; Maximizing Expected Utility of Profit.

Application to Managerial Problem: Organizational Decisions; the Choice of Products Entry Decisions; Influence of Licensing Fees; the Choice of Product Quality; the Survival of Products; the Choice of Product Mix; Location Decisions; the Structure of Ownership.

Decision on Finance and Insurance: Capital Budgeting; Capital Budgeting and the Certainty; Influence of Taxation; Market Insurance, Self-Insurance and Self Protection.

Elements on Labour Management Decisions and Union.

Production Decision: Spot Markets and Long Term Contracts Optimal Inventories; Joint Products; Technological Changes; Shut Down Decision; Optimal Response to Government Programs.

Pricing Decision in Imperfect Markets: Pricing New Products; Price Discrimination; Peak Load Pricing; Cartelism Dominant Firm Model; Influence of Taxation.

Marketing Decision: Optimal Advertising, False Advertising; Advertising Media, Private Brands and Franchises; Allocation of Sales Representatives.

Relaxation of Profit Maximization: Alternative Managerial Goals; Sales Revenue Maximization; Expense Preference; A Model of A Nonprofit Institution.

The Macroeconomy and its Impact An Essential Microeconomic Variables. Inflation, Unemployment, Growth, Foreign Competition.

The European Challenge and its Implications.

Recent developments and contemporary issues pertaining to the subject-matter of the course

Teaching Methodology	Face to Face								
Bibliography	<p>Paul Keat &amp; Philip Young: Managerial Economics: Economic Tools for Today's Decision Making, (Prentice Hall), Latest edition.</p> <p>McGuigan / Moyer/ /Harris: Managerial Economics: Applications, Strategy, and Tactics (Thomson-South Western), Latest edition.</p> <p>Maurice Thomas: Managerial Economics (McGraw-Hill), Latest edition.</p> <p>Dominick Salvatore: Managerial Economics in a Global Economy, McGraw Hill, Latest edition.</p> <p>Pappas, J &amp; Hirshey M.: Managerial Economics, Dryden Press, Latest edition.</p>								
Assessment	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Examinations</td> <td style="width: 40%; text-align: center;">60%</td> </tr> <tr> <td>Class Participation and Attendance</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>Assignments</td> <td style="text-align: center;">30%</td> </tr> <tr> <td></td> <td style="text-align: center;">100%</td> </tr> </table>	Examinations	60%	Class Participation and Attendance	10%	Assignments	30%		100%
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