

# EC335-15 Managerial Economics

**22/23**

**Department**

Economics

**Level**

Undergraduate Level 3

**Module leader**

Isleide Zissimos

**Credit value**

15

**Module duration**

10 weeks

**Assessment**

Multiple

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

This module uses traditional economic tools, for example theory of markets and game theory, to teach the students to identify profitable decisions. When a bad decision is made by a manager, we explore its possible sources, which can include: (1) The manager was the wrong person to take the decision. (2) The manager did not have enough information to make a good decision. (3) The manager had an incentive to take the wrong decision. The economic tools help the students to develop a view on the appropriate way to tackle these issues, which can be, for example, either to change the decision-maker, or to change the information flow, or to change the incentives in the business organisation.

[Module web page](#)

### Module aims

Aimed at business students of Economics (students who will, in general, not pursue careers as economists or graduate study in Economics) seeking to understand how the theory of markets, incentives and games work in practical managerial situations. The module illustrates the central decision problems managers face and provides the economic analysis needed to guide these decisions.

## Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

1. Competitive Markets: (a) Review of Supply, Demand and Market Equilibrium. (b) Welfare Properties of Competitive Markets.
2. Market Structures: (a) Monopoly and Monopoly Pricing. (b) Oligopoly, Quantity Setting and Pricing Models, First Mover Advantage.
3. Game Theory: (a) Introduction to Game Theory, Nash Equilibrium. (b) Simultaneous and Sequential Games. (c) Classical Games and Applications.
4. Internal Organisation: (a) The Theory of the Firm, Transaction Costs, Make vs. Buy, Incomplete Contracts. (b) The Principal-Agent Problem, Incentive Contracts, Uncertainty and Risk-Aversion.
5. Asymmetric Information: (a) Moral Hazard with Applications to Finance. (b) Adverse Selection, The Lemons Problem, Herding.

## Learning outcomes

By the end of the module, students should be able to:

- Subject knowledge and understanding: ...understand key concepts in Managerial Economics, such as market structures, game theory, imperfect information, principal-agent problems. The teaching and learning methods that enable students to achieve this learning outcome are: Lectures, Reading, Exercise question sheets, Tutorial discussions, Essay. The assessment methods that measure the achievement of this learning outcome are: Formative: Exercise question sheet answers, Essay; Summative: Summer Examination.
- Subject knowledge and understanding: ...demonstrate knowledge of economic trends, institutions and policies, especially in the context of business and industry-related problems and issues. The teaching and learning methods that enable students to achieve this learning outcome are: Exercise question sheets, Essay, Tutorial discussions and presentations. The assessment methods that measure the achievement of this learning outcome are: Formative: Exercise question sheet answers; Essay, Summative: Summer Examination.
- Subject knowledge and understanding: ...abstract and simplify basic economic problems through the application of simple theoretical models.
- Key Skills: ...communicate knowledge and understanding of economics in written, spoken, graphical and in appropriate mathematical forms. The teaching and learning methods that enable students to achieve this learning outcome are: Exercise question sheets, Essay, Tutorial discussions and presentations. The assessment methods that measure the achievement of this learning outcome are: Formative: Exercise question sheet answers, Essay; Summative: Summer Examination.
- Cognitive Skills: ...analyse competing models and hypotheses in a critical way. The teaching and learning methods that enable students to achieve this learning outcome are: Exercise question sheets, Essay. The assessment methods that measure the achievement of this

learning outcome are: Formative: Essay, Summative: Summer Examination.

- Key Skills:...present the output of their own work to an audience. The teaching and learning methods that enable students to achieve this learning outcome are: Tutorial discussions and presentations. Exercise question sheets, Essay. The assessment methods that measure the achievement of this learning outcome are: Formative: Tutorial presentations.
- Key Skills:...conduct individual research into an Economic topic, using world wide web and library resources. The assessment methods that measure the achievement of this learning outcome are: Formative: Exercise question sheet answers, Essay; Summative: Summer Examination.
- Cognitive Skills:...analyse and formulate models for understanding and solving problems. The teaching and learning methods that enable students to achieve this learning outcome are: Exercise question sheets, Essay, Tutorial discussions and presentations. The assessment methods that measure the achievement of this learning outcome are: Formative: Exercise question sheet answers, Essay; Summative: Summer Examination.
- Subject-Specific/Professional Skills:...select and apply appropriate economic models and techniques to particular problems especially relating to business and industry.
- Subject-Specific/Professional Skills:...produce concise and analytical reports relating to economic problems and issues. The teaching and learning methods that enable students to achieve this learning outcome are: Essay, Tutorial presentations. The summative assessment methods that measure the achievement of this learning outcome are: Formative: Essay; Summative: Summer Examination..

## **Indicative reading list**

Please see Talis Aspire link for most up to date list.

[View reading list on Talis Aspire](#)

## **Subject specific skills**

Students will have the opportunity to develop skills in:

Analytical thinking and communication

Analytical reasoning

Critical thinking

Strategic thinking

Problem-solving

Analysis of incentives

Analysis of optimisation

Understanding of Uncertainty and Incomplete Information

## **Transferable skills**

Students will have the opportunity to develop:

Numeracy and quantitative skills

Written communication skills

Oral communication skills

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# Study

## Study time

Type	Required
Lectures	20 sessions of 1 hour (13%)
Seminars	5 sessions of 1 hour (3%)
Private study	125 hours (83%)
Total	150 hours

## Private study description

Private study will be required in order to prepare for seminars/classes, to review lecture notes, to prepare for forthcoming assessments, tests, and exams, and to undertake wider reading around the subject.

## Costs

No further costs have been identified for this module.

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## Assessment

You do not need to pass all assessment components to pass the module.

### Assessment group C1

	Weighting	Study time
Assignment	10%	
Group Project	40%	
Essay		
Written - Standard	50%	

A paper which examines the course content and ensures learning outcomes are achieved.

~Platforms - AEP

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- Answerbook provided by department
- Students may use a calculator

### Assessment group R1

	<b>Weighting</b>	<b>Study time</b>
Online Examination - Resit	100%	
A paper which examines the course content and ensures learning outcomes are achieved.		
~Platforms - AEP		

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- Answerbook Green (8 page)

## **Assessment group R2**

	<b>Weighting</b>	<b>Study time</b>
Online Examination - Resit	100%	

- Answerbook Green (8 page)

## **Feedback on assessment**

The Department of Economics is committed to providing high quality and timely feedback to students on their assessed work, to enable them to review and continuously improve their work. We are dedicated to ensuring feedback is returned to students within 20 University working days of their assessment deadline. Feedback for assignments is returned either on a standardised assessment feedback cover sheet which gives information both by tick boxes and by free comments or via free text comments on tabula, together with the annotated assignment. For tests and problem sets, students receive solutions as an important form of feedback and their marked assignment, with a breakdown of marks and comments by question and sub-question. Students are informed how to access their feedback, either by collecting from the Undergraduate Office or via tabula. Module leaders often provide generic feedback for the cohort outlining what was done well, less well, and what was expected on the assignment and any other common themes. This feedback also includes a cumulative distribution function with summary statistics so students can review their performance in relation to the cohort. This feedback is in addition to the individual-specific feedback on assessment performance.

[Past exam papers for EC335](#)

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## **Availability**

### **Pre-requisites**

This module is not available for Economics students.

## **Courses**

This module is Optional for:

- Year 4 of UIBA-MN34 Law and Business Four Year (Qualifying Degree)
- Year 4 of UIBA-MN32 Undergraduate Law and Business Studies
- Year 5 of UIBA-MN37 Undergraduate Law and Business Studies (Qualifying Degree) with Intercalated Year
- UIBA-MN35 Undergraduate Law and Business Studies with Intercalated Year (3+1)
  - Year 3 of MN35 Law and Business Studies with Intercalated Year (3+1)
  - Year 4 of MN35 Law and Business Studies with Intercalated Year (3+1)
- Year 5 of UIBA-MN36 Undergraduate Law and Business Studies with Intercalated Year (4+1)