



AH2015 Managerial Economics

7.5 credits

Managerial Economics

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

Establishment

Course syllabus for AH2015 valid from Autumn 2008

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Specific prerequisites

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The student should be able to apply economic principles to decision making within a company. The aim is to provide practical guidance to 1) analyse the production costs, 2) set optimal prices for products, and 3) analyse long-term prospects for specific firms and markets

Course contents

This is a course in managerial economics which is tailored to students with an engineering background. The course shows how economic principles can be applied to company decision making. The emphasis is on practical problems that may face anyone in a management position. The three main sections of the course are cost analysis, pricing strategy, and competitive strategy. Cost analysis is necessary to determine the most cost efficient method of production, including which components are better sourced from other companies. An understanding of costs, together with demand conditions, is also important in deciding how products should be priced. In the second part of the course, you will learn how to estimate demand, segment markets, use quality discrimination, and decide volume discounts. In the final part of the course the focus is on long-run aspects of company strategy. Here game theory will provide a framework to understand strategic interaction between firms in markets. The topics that will be covered include barriers to market entry, learning-by-doing, research and development, and sustainable competitive advantage. Syllabus• Identifying and estimating costs relevant for economic decision making• Pricing for firms with market power• Advanced pricing strategies• Price competition • Competitive strategy• Industry analysis

Course literature

Michael Baye, Managerial Economics and Business Strategy (most recent edition).

Examination

- INL1 - Assignments, 2.5 credits, grading scale: A, B, C, D, E, FX, F
- TEN1 - Examination, 5.0 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

Other requirements for final grade

Final exam+individual and group assignments

Ethical approach

- All members of a group are responsible for the group's work.

- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.