

Syllabus “Managerial economics”

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Department responsible for the course or equivalent: Institute of Management in Economic, Ecological and Social Systems; Management and Innovative Technologies Department

Level of course unit: Bachelor level, Master level

ECTS credits: 6

Course Description

This course aims on in-depth knowledge of the main aspects for the modern economy development and the general principles of the behavior of economic agents on the market, the theoretical knowledge and practical skills development to substantiate the management decision-making for financial and investment policy implementation and production management improvement.

Objectives

- theoretical development by students of knowledge related to the main aspects for the modern economy development, identification and formulation of current scientific problems of consumer demand, supply and consumer behavior;
- acquisition of practical skills of collecting, processing and evaluating information for the preparation and adoption of management decisions, analysis of existing forms of management organization, justification of proposals for their improvement;
- a study of modern ideas about entrepreneurship, firms, costs and profits;
- acquisition of systematic knowledge of the patterns, rules and procedures for the development of organizational management structures and the economic mechanism of organizations performance, organization forms, advantages and disadvantages;
- modeling of the main types of economic and managerial decisions that managers must make in relation to the allocation of limited resources of the company;
- ability to manage project, including project organization and responsibilities, organizational models' selection; strategic planning organization; production and operations management; motivation selection; information systems organization; managing organizational change progress and performing management and decision-making activities.

Course contents

Session 1. Managerial Economics: Definition and Overview

• Definition of Managerial Economics; • Role of Managerial Economics in Managerial Decision-making; • Theory of the firm; • Constraints and the Theory of the Firm; • Limitations of the Theory of the Firm; • Business versus Economic Profit; • Frictional Theory of Economic Profits; • Monopoly Theory of Economic Profits; • Innovation Theory of Economic Profits; • Compensatory Theory of Economic Profits; • Role of Profits in the Economy ; • Role of Business in Society.

Session 2. Managerial Economics and the Environments of Business

• The External Environment of Business; • The Internal Environment of Business; • Open Systems Model; • The External Environment of Business: Sociological Factors; Political Factors; Economic Factors; Technological Factors; • The Internal Environment of Business: Corporate Culture: Business Climate and Management Ethics.

Session 3. Organizational Structures in Managerial Economics: Concepts and Formats

• Departmentalization; • Functional Structure; • Divisional Structure; • Matrix (Project Organization); • Combination Approach; • Team Organization; • Virtual Organization

(Boundaryless); • Delegation Process, Authority, and Accountability; • Delegation Do's and Don'ts; • Centralization versus Decentralization.

Session 4. The Role of Planning in Managerial Economics

• Planning; • Hierarchy of Planning; • Strategic Planning; • Long-Range Planning; Operational Planning; • How Strategic and Operational Plans Should Support Each Other; • Planning Function; • Business Plan.

Session 5. Strategy Formulation in Managerial Economics

• The process of strategy formulation planning; • The strategic management process, strategy formulation and strategy implementation; • Peter Drucker: 5W; • Benefits of Strategy; • Gap Analysis An Approach to Provisional Planning; • Filling the Planning Gap; • Product market matrix; • SOFT or SWOT Analysis; • Criteria for Evaluating Management Strategy; • Framework for Evaluating Managerial Effectiveness.

Session 6. Production and Operations Management (POM)

• Break-Even Analysis; • Costs Associated with Production; • Determining Break-Even Quantity; • Calculating Projected Profit; • Payoff Matrix or Decision Table; • Economic Order Quantity (Simple); • PERT/CPM; • MRP-CRP; • Simulation Modeling.

Session 7. Motivation: Theory and Practice

• Maslow's Hierarchy of Needs Theory; • Two-Factor, or Motivation-Hygiene, Theory; • Motivating Factors: The Same and Different; • McClelland's Theory of Human Motives; • Reinforcement Theory; • Expectancy Theory of Motivation; • Equity Theory; • McGregor's Theory X and Theory Y.

Session 8: Management Information Systems

The Value of Information; •The Information Needs of Managers; •Information Requirements; •MIS Subsystems and the Uses of Information; •Transaction Processing System; •Management Reporting System; •Decision Support System; •How Information Technology Works; •Hardware; •Software; •Local Area Network New Trends in Management Information Systems; •Health Concerns; •Linked Networks and Data Processing Service Organizations; •User-Friendly Programs; •Security; •Managerial Implications of IT Trends.

Session 9. Managing Organizational Change

• Change; • Two basic and opposite concepts about change; • Organizational Climate for Change: External Forces; • Organizational Climate for Change. Internal Forces; • Change: A Continuum and a Process; • Determine the Scope of the Problem; •Develop Alternatives; •Analyze Alternatives in the Context of Their Constraints; • Select an Alternative; • Implement the Change; •Evaluate the Results.

Teaching Style

Theory and practice of managerial economics course will be investigated through lecture/class discussion and case study examination. The course is intensive and interactive. There are several textbooks for this course, also, a case pack with required and suggested readings and cases will be available. A willingness to discuss, critique and challenge views is also necessary. Most materials (cases and readings) will be e-mailed to students. The course will use a variety of methods including lectures, case studies, work groups, discussions and team project. Links for additional resources are given at the end of this syllabus.

Grading

Grade Component	Individual / Group	Weight
Class Participation	Individual /Group	30%
Case Assignments	Individual	30%
Final Case write-up	Individual	40%

Assessment methods and criteria

Criteria for evaluation:

Class Participation

- 26-30 points to the students demonstrating a thorough understanding of the problem comprehensively, consistently, correctly and logically presenting the theoretical material; correctly formulating the definition of topic questions; correctly formulating opinions during topic discussions in the group.
- 21-25 points to the students demonstrating considerable understanding of the problem, knowledge of the basic theoretical concepts; fairly consistently, correctly and logically presenting the material of topic questions; formulating opinions during topic discussions in the group.
- 11-20 points to the students demonstrating considerable understanding of the problem, knowledge of the basic theoretical concepts; fairly consistently, correctly and logically presenting the material of topic questions; not participating in topic discussions in the group.
- 0-10 points to the students demonstrating a partial understanding of the problem, a general knowledge of the material being studied by topic questions; not participating in topic discussions in the group.

Case Assignments

- 16-30 total points evaluation of "passed" is given to the students if the decision is consistent formulated, if there is a deeper problem conceived, if he demonstrates an original approach (innovation, creativity); registered alternatives, if there is the possibility of the result use;
- 0-15 total points total evaluation of "not passed" " is given to the students if the decision does not meet the ideas of modern management technologies course, is not adequate; is not sound and doesn't predict difficulties; is not applicable in practice.

Final Case write-up

- Assessment of "excellent" (35-40 points) is given to the student if he introduces a clear thesis or a clear statement of the position consistently settled into a well-organized final case study; presents a balanced argument supported with information; raises important questions; analyzing and convincing conclusions; there are no conceptual errors.
- Assessment of "good" (29-34 points) is given to the students if he introduces basic requirements for the final case study, but permit shortcomings. In particular, there are inaccuracies in the presentation of the material; there is no logical sequence in the judgment.
- Evaluation of "satisfactory" (22-28 points) is given to the students if the final case study's topic is disclosed not enough; specific position are not given; information is inaccurate, mechanical errors seriously impedes understanding.
- Evaluation of "unsatisfactory" (less than 22 points) is given to the students if the final case study topic does not match, reveals a significant lack of understanding of the problem, arguments are scattered, inconsistent, many dubious or erroneous facts, the text is untidy and hard to read, a lot of grammatical and spelling errors.

Learning outcomes

- key managerial economics concepts and their impact on the organization;
- external and internal environment analyses of the organization;
- strategic planning decision-making and proposals for improvement of its effectiveness;
- production and operations management analysis concepts and methods;
- role of motivation in decision-making process while managing the enterprise;
- management information systems (MIS) methods and technologies of the organization;
- concept of organization change and its value in the economics of the enterprise.

Course literature (recommended or required)

Montana, P.J., Charnov B.H. Management. – 5th ed. – New York: Barron's Educational Series, 2015. – 556 p. – (Business review books). - ISBN 978-1-4380-0482-2
 Jochumzen, P. Essentials of Macroeconomics. — Bookboon, 2010. — 165 p. ISBN 978-87-7681-558-5

Hunger D., Wheelen T.L. Essentials of Strategic Management. Prentice Hall – 2010, 208 p. ISBN: 978-01-3600-669-5

Managerial economics and business strategy / Michael R. Baye, Bert Elwert, Jeffrey T. Prince.— Eighth edition. 2014. — 677 p. ISBN-13: 978-0-07-352322-4

Managerial economics/William F. Samuelson, Stephen G. Marks. –7th ed. 2012. – 824 p. ISBN 978-1-118-04158-1

Monahan G.E. Management decision making: spreadsheet modeling, analysis and applications. Cambridge University Press, 2000. 752 p. – ISBN 0-521-78118-3

Passenheim O. Project Management - 1st Edition. — Bookboon, 2009. — 126 p. ISBN 978-87-7681-487-8

Patterson C. Management Brifs. Management and Leadership Theory Made Simple. Ventus Publishing, Bookboon, 2010. — 64 p. — ISBN: 978-87-7681-547-9

Paul, J., Kaushal, L., & Sebastian, V. J. Managerial Economics. Cengage Learning, New Delhi, 2012. — 308 p. ISBN: 978-8131516874

Porter A. Operations management. Ventus Publishing, Bookboon, 2009. — 64 p. — ISBN: 978-87-7681-464-9

Quinn S. Management Basics - 1st edition. Ventus Publishing, Bookboon, 2010. — 75 p. — ISBN: 978-87-7681-717-6