

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)**

MANAGERIAL ECONOMICS (8522)

SEMESTER: SPRING, 2014

CHECKLIST

This packet comprises the following material:

- 1) Text book
- 2) Assignment no. 1 & 2
- 3) Course outline
- 4) Assignment forms (2 sets)
- 5) Schedule for submitting the assignments

In this packet, if you find anything missing from the above-mentioned material, please contact at the address given below: -

The Deputy Registrar
Mailing Section, Block # 28
Allama Iqbal Open University,
Sector H/8, Islamabad.
Tel: (051) 9057611, 9057612

Ms. Beenish Ehsan
Course Coordinator

ALLAMA IQBAL OPEN UNIVERSITY ISLAMABAD
(Department of Business Administration)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Managerial Economics (8522)
Level: MBA

Semester: Spring, 2014
Total Marks: 100
Pass Marks: 50

ASSIGNMENT No. 1
(Units: 1–5)

- Q.1 What is meant by managerial economics? Also describe the multivariable optimization. (20)
- Q. 2 What is demand theory? Also discuss the concept of demand estimation. (20)
- Q. 3 Describe time series analysis with suitable examples. (20)
- Q. 4 Discuss in detail, the concept of benefit cost analysis and criteria. (20)
- Q. 5 Discuss empirical production function in detail. (20)

GUIDELINES FOR ASSIGNMENT # 1:

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- Your level of understanding of the subject;
- How clearly you think?
- How well you can reflect on your knowledge & experience?
- How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management?
- How professional you are, and how much care and attention you give to what you do?

To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course

materials apply. The student must also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

ASSIGNMENT No. 2

(Units: 1–9)

Total Marks: 100

Pass Marks: 50

This assignment is a research-oriented activity. You are required to obtain information from a business/commercial organization and prepare a report of about 1000 words on the issue allotted to you to be submitted to your teacher for evaluation.

You are required to select one of the following issues according to the last digit of your roll number. For example, if your roll number is P-3427180 then you will select issue # 0 (the last digit): -

Issues:

0. Constrained Optimization
1. Quantitative forecast
2. Optimal combination of inputs
3. Risk and uncertainty in managerial decision making
4. Utility theory
5. Price discrimination
6. Oligopoly
7. Decision making under uncertainty
8. Pricing of multiple products
9. Dumping

The report should follow the following format:

1. Title page
2. Acknowledgements
3. An abstract (one page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)
6. Practical study of the organization (with respect to the issue)
7. Data collection methods
8. SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
9. Conclusion (one page brief covering important aspects of your report)
10. Recommendations (specific recommendations relevant to issue assigned)
11. References (as per APA format)
12. Annexes (if any)

GUIDELINES FOR ASSIGNMENT # 2:

- 1.5 line spacing
- Use headers and subheads throughout all sections

- Organization of ideas
- Writing skills (spelling, grammar, punctuation)
- Professionalism (readability and general appearance)
- Do more than repeat the text
- Express a point of view and defend it.

WORKSHOP:

The workshop presentations provide you opportunity to express your communication skills, knowledge & understanding of concepts learned during practical study assigned in assignment # 2.

You should use transparencies and any other material for effective presentation. The transparencies are not the presentation, but only a tool; the presentation is the combination of the transparencies and your speech. Workshop presentation transparencies should only be in typed format.

The transparencies should follow the following format:

- 1) Title page
- 2) An abstract (one page summary of the paper)
- 3) Introduction to the issue (brief history & significance of issue assigned)
- 4) Practical study of the organization (with respect to the issue)
- 5) Data collection methods
- 6) SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
- 7) Conclusion (one page brief covering important aspects of your report)
- 8) Recommendations (specific recommendations relevant to issue assigned)

GUIDELINES FOR WORKSHOP PRESENTATION:

- Make eye contact and react to the audience. Don't read from the transparencies or from report, and don't look too much at the transparencies (occasional glances are acceptable to help in recalling the topic to cover).
- A 15-minute presentation can be practiced several times in advance, so do that until you are confident enough. Some people also use a mirror when rehearsing as a substitute for an audience.

WEIGHTAGE OF THEORY & PRACTICAL ASPECTS IN ASSIGNMENT # 2 & WORKSHOP PRESENTATIONS:

Assignment # 2 & workshop presentations are evaluated on the basis of theory & its applicability. The weightage of each aspect would be:

Theory:	60%
Applicability (practical study of the organization):	40%

MANAGERIAL ECONOMICS (8522)

Course Outline

Unit No. 1: Nature and Scope of Managerial Economics

- 1.1 Optimization Tools Analysis
- 1.2 Multivariable Optimization
- 1.3 Constrained Optimization

Unit No. 2: Demand Analysis

- 2.1 Application of Demand Theory
- 2.2 Demand Estimation
- 2.3 Simple and Multiple Regression Analysis and its Application

Unit No.3: Demand Forecasting

- 3.1 Quantitative Forecast
- 3.2 Time- Series Analysis
- 3.3 Smoothing Techniques
- 3.4 Barometric Methods
- 3.5 Econometric Methods

Unit No.4: Government in the Market Economy

- 4.1 Externalities and Public Goods
- 4.2 Optimal Allocation of Social Resources
- 4.3 Benefit Cost Methodology and Criteria
- 4.4 Additional Methods of Improving Public Management

Unit No. 5: Production Theory

- 5.1 Production Function with One or Two Variables Inputs
- 5.2 Optimal Combination of Inputs
- 5.3 Empirical Production Function

Unit No. 6: Cost Theory and Estimation

- 6.1 Cost Curve in Short and Long Run
- 6.2 Learning Curve
- 6.3 Empirical Estimation of Cost Function

Unit No. 7: Market Structure

- 7.1 Perfect Competition, Monopoly & Monopolistic Competition
- 7.2 Oligopoly and Market Concentration
- 7.3 Oligopoly Models
- 7.4 Strategic Behavior and Game Theory

Unit No. 8: Pricing Practices

- 8.1 Pricing of Multiple Products

- 8.2 Price Discrimination
- 8.3 International Price Discrimination and Dumping
- 8.4 Transfer Pricing
- 8.5 Pricing in Practices

Unit No. 9: Risk Analysis

- 9.1 Risk and Uncertainty in Managerial Decision Making
- 9.2 Measuring Risk with Probability Distribution
- 9.3 Utility Theory and Risk Aversion
- 9.4 Valuation Model for Risk
- 9.5 Adjusting Techniques for Incorporating Risk in Decision-Making
- 9.6 Decision Making Under Uncertainty

Recommended Book:

Hirchey, M (2009). *Managerial Economics, An Integrative Approach*. Canada: Nelson Education Ltd.

Additional Books:

Salvatore, D. *Managerial Economics In global Economy*. Oxford University Press.

Froeb, L. M., & McCann, B. T. (2009). *Managerial Economics: A Problem Solving Approach*, (2nd ed.). Canada: Nelson Education Ltd.

Png Ivan, & Lahman, D. (2007). *Managerial Economics* (2nd ed.). USA, UK, Australia: Blackel Publishing Ltd.

