

**UNIVERSITY OF ECONOMICS - VARNA**  
**MASTER DEGREE CENTER**  
**DEPARTMENT „GENERAL ECONOMIC THEORY“**

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**ACCEPTED BY:**

**Rector:**

( Prof. Dr. Plamen Iliev)

**SYLLABUS**

**SUBJECT: “MANAGERIAL ECONOMICS”;**

**DEGREE PROGRAMME: „International business and economics“; MASTER’S DEGREE**

**YEAR OF STUDY: 5; SEMESTER: 9;**

**TOTAL STUDENT WORKLOAD: 240 h.; incl. curricular 60 h.**

**CREDITS: 8**

**DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM**

<i>TYPE OF STUDY HOURSE</i>	<b>WORKLOAD, h.</b>	<b>TEACHING HOURS PER WEEK, h</b>
<b>CURRICULAR:</b>		
incl.		
) LECTURES	30	2
) SEMINARS (lab. exercises)	30	2
<b>EXTRACURRICULAR</b>	180	-

Prepared by:

1. ....  
(Assoc. Prof. Dr. Hristo Mavrov)

2. ....  
(Chief Assist. Prof. Dr. Aleksandar B. Todorov)

Head of department: .....  
„General Economic Theory“ (Prof. Dr. Zoya Mladenova)

## **. ANNOTATION**

*Managerial Economics is designed to provide a solid foundation of economic understanding for its use in managerial decision making. It links traditional microeconomics with applied mathematics to develop tools for the analysis of firms, markets and investment decisions. The fundamental goal of the course is for the students to apply the microeconomic theoretical concepts and models in the real-world decision problems. The specific goals of the course include:*

- *deepen student's knowledge of the types of economic problems faced by firm managers;*
- *improve their economic intuition concerning these problems and their optimal solutions;*
- *enhance student's understanding of how markets operate and develop their capability in making economic predictions about market outcomes.*

*In order to achieve those objectives a problem-solving approach will be used. This will encourage the student to focus on the application of economic tools rather than seeking for a purely theoretical understanding.*

*The analytical framework of the course rests upon three building blocks. The first introduces tools for the analysis of rational behavior exercised both by consumers as well as firms and demonstrates the application of those tools to some basic economic relationships and problems. Secondly, the application of those tools is transferred to more complex settings in various market structures, where strategy and pricing are of the essence. Finally, the role of government regulation is introduced as well as tools for the economic evaluation of public and private investment program proposals.*

## **II. THEMATIC CONTENT**

No.	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
<b>UNIT 1. ECONOMIC OPTIMIZATION</b>		<b>3</b>	<b>3</b>	
1.1.	The nature and scope of Managerial Economics			
1.2.	Basic economic relations			
1.3.	Marginal analysis in decision making			
1.4	Types of optimization techniques – multivariate optimization and constrained optimization			
<b>UNIT 2. THE BASIS FOR DEMAND AND SUPPLY</b>		<b>3</b>	<b>3</b>	
1.1.	The market demand function and demand curve			
1.2.	The market supply function and supply curve			
1.3.	Market equilibrium and disequilibrium			
1.4.	Demand sensitivity analysis: elasticity concepts			
<b>UNIT 3. DEMAND ANALYSIS</b>		<b>3</b>	<b>3</b>	
1.1.	Consumer choice theory			
1.2.	Optimal consumption – constrained optimization approach			
1.3.	The concept of consumer surplus and its implications			
<b>UNIT 4. PRODUCTION ANALYSIS</b>		<b>3</b>	<b>3</b>	
1.1.	Short and long run production functions			

1.2.	Input combination choice - constrained optimization approach			
1.3.	Types of production functions			
<b>UNIT 5. COST ANALYSIS</b>		<b>3</b>	<b>3</b>	
5.1.	Economic costs and profit			
5.2.	Short run and long run costs			
5.3.	Cost-volume-profit analysis			
<b>UNIT 6. PERFECT COMPETITION AND MONOPOLY</b>		<b>3</b>	<b>3</b>	
6.1.	Market structures and competition			
6.2.	Competitive markets			
6.3.	Monopoly			
<b>UNIT 7. MONOPOLISTIC COMPETITION AND OLIGOPOLY</b>		<b>3</b>	<b>3</b>	
7.1.	Monopolistic competition			
7.2.	Oligopoly			
7.3.	Market structure and profitability			
<b>UNIT 8. PRICING PRACTICES</b>		<b>3</b>	<b>3</b>	
8.1.	Cost-plus pricing			
8.2.	Price discrimination			
8.3.	Multiple product pricing			
<b>UNIT 9. GOVERNMENT REGULATION OF THE MARKET ECONOMY</b>		<b>3</b>	<b>3</b>	
9.1.	Market failure and government regulation			
9.2.	Provision of public goods			
9.3.	Regulation of externalities			
9.4.	Government policy toward imperfect competition			
9.5.	Regulation of asymmetric information			
<b>UNIT 10. COST-BENEFIT ANALYSIS</b>		<b>3</b>	<b>3</b>	
10.1.	Methods for analysis and appraisal of public projects			
10.2.	Advantages of the cost-benefit method			
10.3.	Classification of costs and benefits			
10.4.	Criteria for evaluation			
10.5.	Problems in applying the cost-benefit analysis			
<b>Total:</b>		<b>30</b>	<b>30</b>	

**. FORMS OF CONTROL:**

No. by row	TYPE AND FORM OF CONTROL		extra-curricular, h.
<b>1.</b>	<b>Midterm control</b>		
1.1.	Midterm 1(solving problems and open essay questions)	1	40
1.2.	Midterm 2(solving problems and open essay questions)	1	40
1.3.	Midterm 3 (solving problems and open essay questions)	1	20
<b>Total midterm control:</b>		<b>3</b>	<b>80</b>
<b>2.</b>	<b>Final term control</b>		
2.1.	Examination (solving problems and open essay questions)	1	80
<b>Total final term control:</b>		<b>1</b>	<b>80</b>
<b>Total for all types of control:</b>		<b>4</b>	<b>180</b>

**V. LITERATURE**

**REQUIRED (BASIC) LITERATURE:**

1. SALVATORE, D. (2015) *Managerial Economics: Principles and Worldwide Applications*. Oxford: Oxford University Press, 8<sup>th</sup> Edition.
2. SAMUELSON, W., MARKS, S.G. (2012) *Managerial Economics*. Hoboken: John Wiley & Sons, 7th Edition.

**RECOMMENDED (ADDITIONAL) LITERATURE:**

1. BAYE, M.R. (2010) *Managerial Economics and Business Strategy*. New York: McGraw Hill, 7<sup>th</sup> Edition.
2. BRICKLEY, J.A., SMITH, C.W., ZIMMERMAN, J.L. (2016) *Managerial Economics and Organizational Architecture*. New York: McGraw Hill, 6<sup>th</sup> Edition.
3. EUROPEAN COMMISSION (2014) *Guide to Cost-Benefit Analysis of Investment Projects - Economic Appraisal Tool for Cohesion Policy 2014-2020*. Directorate-General for Regional and Urban Policy.
4. FROEB, L.M., McCANN, B.T., SHOR, M., WARD, M.R. (2014) *Managerial Economics: A Problem Solving Approach*. Mason: South-Western Cengage Learning, 3<sup>rd</sup> Edition.
5. HIRSCHEY, M. (2008) *Fundamentals of Managerial Economics*. Mason: South-Western Cengage Learning, 12<sup>th</sup> Edition.
6. MCGUIGAN, J.R., MOYER, R.C., HARRIS, F.H. (2011) *Managerial Economics: Applications, Strategy and Tactics*. Mason: South-Western Cengage Learning, 12<sup>th</sup> Edition.
7. THOMAS, C.R., MAURICE, S.C. (2016) *Managerial Economics: Foundations of Business Analysis and Strategy*. New York: McGraw Hill, 12<sup>th</sup> Edition.
8. TODOROV, A.B. (2015) Effects of Market Concentration on Profitability among Commercial Banks in Bulgaria.// *Izvestiya – Journal of University of Economics – Varna*, 3/2015, 44-54.
9. TODOROV, A.B. (2016) Assessing Competition in the Bulgarian Insurance Industry: A Panzar-Rosse Approach.// *International Journal of Economics and Financial Issues*, 6(3), 872-879.