

**The University of Lahore**  
**Lahore Business School**  
**Managerial Economics**

Sr. No.	Course Information	
1.	Course Name:	MANAGERIAL ECONOMICS
2.	Course Code:	ECO01516
3.	Faculty Member:	Dr Salman Azam Joiya
4.	Faculty Email:	<a href="mailto:Salman.azam@lbs.uol.edu.pk">Salman.azam@lbs.uol.edu.pk</a>
5.	Credit Hours:	3
6.	Consultation Hours:	
7.	Class Timings	Tuesday 8:00-11:00
8.	Semester	1 <sup>st</sup>
9.	Slate URL:	
10.	Course Type:	This is the core course for LBS MBA program.
11.	Program Mission	“The MBA program prepares <b>future-ready leaders</b> with <b>entrepreneurial skills</b> who <b>think strategically</b> and <b>make ethical decisions</b> ”.
12.	Program Objectives	<p>1. Apply Advanced Business Knowledge Graduates will apply advanced knowledge in core business areas to analyze and solve complex business problems.</p> <p>2. Build Critical and Strategic Thinking Graduates will apply critical and strategic thinking to evaluate problems and formulate effective business solutions.</p> <p>3. Encourage Ethical Decision-Making Graduates will identify ethical issues and make fair, honest, and socially responsible decisions in business contexts.</p> <p>4. Develop Entrepreneurial Skills Graduates will apply entrepreneurial thinking by identifying opportunities and developing innovative solutions.</p>

13.	Course Description	<p>Managerial Economics applies economic principles to managerial decision-making, equipping students with tools to analyse organizational problems and external market forces. The course covers the nature and scope of managerial economics, objectives of the firm, business versus economic profit, and theories of profit under constraints. Students study demand and supply, market equilibrium, elasticity, and government interventions, along with consumer behaviour models, optimization techniques, and forecasting methods. Emphasis is placed on demand estimation using regression analysis, production processes, cost behaviour, and resource allocation decisions. Different market structures such as perfect competition and monopoly are examined to understand pricing, output, and strategic implications. Through case studies, discussions, and project presentations, students learn to apply concepts in practical business contexts. By the end, they will be able to integrate economic reasoning into decision-making, balancing profitability and efficiency.</p>										
14.	Objective(s) of Course:	<p>Students are expected to:</p> <ol style="list-style-type: none"> <li>1. Understand the fundamentals of managerial economics by exploring the nature, scope, objectives, and decision-making processes within firms.</li> <li>2. Analyze demand, supply, and pricing mechanisms using graphs, tables, and algebraic forms to evaluate market equilibrium and elasticity.</li> <li>3. Apply consumer behavior models and optimization techniques to solve utility maximization problems and make effective managerial decisions.</li> <li>4. Examine production processes, cost structures, and regression-based demand forecasting to enhance resource allocation and operational efficiency.</li> <li>5. Integrate economic theories with business practices to recommend optimal pricing, output, and strategic decisions under competitive and non-competitive market conditions.</li> </ol>										
15.	Course Learning Outcomes	<p>Upon completion of the course, students will be able to:</p> <p>CLO1: Explain the nature, objectives, and role of managerial economics, including the theory of the firm and profit analysis.</p> <p>CLO2: Analyze demand, supply, price elasticity, and market equilibrium using appropriate formulas, graphs, and calculations.</p> <p>CLO3: Apply consumer behavior models (cardinal and ordinal approaches) and optimization techniques to solve utility maximization problems.</p> <p>CLO4: Evaluate production processes, cost behavior, regression-based demand estimation, and forecasting methods for managerial decision-making.</p> <p>CLO5: Recommend solutions for pricing strategies, resource allocation, and business profitability across competitive and non-competitive markets.</p>										
16.	Assessment Methods and Types	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><b>Course Work (60%)</b></td> <td style="width: 40%;">Assignments</td> <td style="width: 10%; text-align: center;">4</td> <td style="width: 20%; text-align: center;">10</td> </tr> <tr> <td></td> <td>Quizzes</td> <td style="text-align: center;">4</td> <td style="text-align: center;">15</td> </tr> </table>			<b>Course Work (60%)</b>	Assignments	4	10		Quizzes	4	15
<b>Course Work (60%)</b>	Assignments	4	10									
	Quizzes	4	15									

		Mid Exam	1	25
		Project (Including Presentation)	1	10
	<b>Final (40%)</b>	Final Exam	1	40
		<b>Total</b>		<b>100</b>

17. Mapping of the course/module to the Course learning outcomes/Program Objectives/Program Learning Outcomes					
	CLOs (Course Learning Outcomes)	PLOs (Program Learning Outcomes)	PO (Program Objectives)	Assessment	Week #
	<b>CLO1:</b> Explain the nature, objectives, and role of managerial economics, including the theory of the firm and profit analysis.	<b>PLO1.1:</b> Students demonstrate the ability to identify and analyses organizational problems using multidisciplinary business knowledge.	<b>PO1: Apply Advanced Business Knowledge</b>  Graduates will apply advanced knowledge in core business areas to analyze and solve complex business problems.	Assignment, Quiz	3 <sup>rd</sup> and 4 <sup>th</sup> Week
	<b>CLO2:</b> Analyze demand, supply, price elasticity, and market equilibrium using appropriate formulas, graphs, and calculations.	<b>PLO2.1:</b> Students analyze relevant data using critical thinking to develop business solutions.	<b>PO2: Build Critical and Strategic Thinking</b>  Graduates will apply critical and strategic thinking to evaluate problems and formulate effective business solutions.	Assignment, Quiz	6 <sup>th</sup> and 7 <sup>th</sup>
	<b>CLO3:</b> Apply consumer behavior models (cardinal and ordinal approaches) and optimization techniques to solve utility maximization problems	<b>PLO4.1:</b> Students apply creative thinking to identify business opportunities.	<b>PO4: Develop Entrepreneurial Skills</b>  Graduates will apply entrepreneurial thinking by identifying opportunities and developing innovative solutions.	Assignment  Quiz	11  12
	<b>CLO4:</b> Evaluate production processes, cost behavior, regression-based demand estimation, and forecasting methods for	<b>PLO2.2:</b> Students evaluate strategic options and recommend effective decisions in	<b>PO2: Build Critical and Strategic Thinking</b>  Graduates will apply critical and strategic	Quiz,  Assignment  Presentation	13  14

	managerial decision-making.	complex business scenarios.	thinking to evaluate problems and formulate effective business solutions.		
	<b>CLO5:</b> Recommend solutions for pricing strategies, resource allocation, and business profitability across competitive and non-competitive markets.	<b>PLO3.1&amp;3.2:</b> Students identify ethical issues in business contexts.  Students propose ethical and socially responsible solutions in professional settings.	<b>PO3: Encourage Ethical Decision-Making</b> Graduates will identify ethical issues and make fair, honest, and socially responsible decisions in business contexts.		

### Scheme of Lecture Delivery

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
1	<p><b>THE NATURE AND SCOPE OF MANAGERIAL ECONOMICS.</b></p> <ul style="list-style-type: none"> <li>● Management Problem</li> <li>● Effective Management</li> <li>● Theory of firm</li> <li>● The objective of the Firm</li> <li>● Constrains faced by a firm</li> <li>● Business vs. Economic profit</li> <li>● Theories of Economic profit</li> </ul>	<p>CLO1: Explain the nature, objectives, and role of managerial economics, including the theory of the firm and profit analysis.</p>	<p>Open Discussion via case studies on business</p> <p>Power point slides,</p>		<p>Chapter-1</p> <p>Mark Hirschey (2014). Managerial Economics, 12th Edition</p> <p>Case: Business Ethics</p> <p>Case: Google on Social Responsibility</p> <p>CASE STUDY: Is Coca-Cola the “Perfect” Business?</p>

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
2	<p><b>MARKET FORCES:</b></p> <ul style="list-style-type: none"> <li>Basis for demand, Demand and Supply, Demand Shifters, Supply Shifters Market Equilibrium, Price Restrictions and Market Equilibrium, Price Ceilings, Price Floors, Algebraic Forms</li> </ul>	CLO2: Analyze demand, supply, price elasticity, and market equilibrium using appropriate formulas, graphs, and calculations.	<p>Open Discussion on the basic concepts</p> <p>Power point slides,</p>		<p>Chapter-3</p> <p>Mark Hirschey (2014). Managerial Economics, 12th Edition</p> <p>Case Study:</p> <p>How the internet affects Demand and supply</p> <p>Case Study:</p> <p>MBA Demand and Supply.</p>
3	<p><b>ADVANCED DEMAND ANALYSIS</b></p> <ul style="list-style-type: none"> <li>The Market Demand Function</li> <li>Total and Marginal Revenue</li> <li>Sensitivity analysis</li> <li>Computation of Price, Income and Cross price</li> </ul>	CLO2: Analyze demand, supply, price elasticity, and market equilibrium using appropriate formulas, graphs, and calculations.	<p>Open Discussion</p> <p>Power point slides/numerical activities</p>	<p><b>Assignment 1:</b> <b>Submit by the end of 4<sup>th</sup> week</b></p>	<p>Chapter-3</p> <p>Mark Hirschey (2014). Managerial Economics, 12th Edition</p>

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
	Elasticity of Demand by two Methods <ul style="list-style-type: none"> <li>• Uses and Application of Price, Income and Cross-Price Elasticity of demand</li> <li>• Some other Demand Elasticity</li> </ul>				
4	<b>ADVANCED DEMAND ANALYSIS (CONTINUE)</b> <ul style="list-style-type: none"> <li>• Price elasticity, Marginal Revenue and Total Revenue</li> <li>• Optimal Pricing Policy under given price elasticity</li> </ul>	CLO2: Analyze demand, supply, price elasticity, and market equilibrium using appropriate formulas, graphs, and calculations.	Open Discussion  Power point slides/numerical activities	<b>Quiz 1</b>	Chapter-3  Mark Hirschey (2014). Managerial Economics, 12th Edition
5	<b>CONSUMER BEHAVIOR</b> <ul style="list-style-type: none"> <li>• Cardinal approach via mathematical calculations</li> <li>• Law of diminishing marginal utility</li> <li>• law of equi marginal utility</li> </ul>	CLO3: Apply consumer behavior models (cardinal and ordinal approaches) and optimization techniques to solve utility maximization problems.	Open Discussion via case study  Power point slides,		Chapter-4  Mark Hirschey (2014). Managerial Economics, 12th Edition  Case Study:

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
					Odd-number Pricing Riddle.
6	<b>THE THEORY OF INDIVIDUAL BEHAVIOR</b> <ul style="list-style-type: none"> <li>Consumer Behavior, Constraints, Consumer Equilibrium,</li> </ul>	CLO3: Apply consumer behavior models (cardinal and ordinal approaches) and optimization techniques to solve utility maximization problems.	Open Discussion  Power point slides/numerical activities	<b>Assignment 2: Submit by the end of 7<sup>th</sup> Week</b>	Chapter-4  Mark Hirschey (2014). Managerial Economics, 12th Edition
7	<b>CONSUMER BEHAVIOR</b> <ul style="list-style-type: none"> <li>Indifference curves mathematical calculations</li> <li>Budget line mathematical calculations</li> <li>Consumer equilibrium based upon consumer data</li> <li>Price, substitution and income effect</li> </ul>	CLO3: Apply consumer behavior models (cardinal and ordinal approaches) and optimization techniques to solve utility maximization problems.	Open Discussion  Power point slides/numerical activities	<b>Quiz 2</b>	Chapter-2  Mark Hirschey (2014). Managerial Economics, 12th Edition
8	<b>ECONOMIC OPTIMIZATION</b> <ul style="list-style-type: none"> <li>Mathematical tools for derivatives</li> </ul>	CLO3: Apply consumer behavior models (cardinal and ordinal approaches) and optimization	Open Discussion		Chapter-2

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
	<ul style="list-style-type: none"> <li>Unconstrained vs. Constrained Optimization</li> <li>Economic Optimization (Continue)</li> <li>The substitution vs. the Lagrange Methods of Optimization</li> </ul>	techniques to solve utility maximization problems.	Power point slides//numerical activities		Mark Hirschey (2014). Managerial Economics, 12th Edition
9	<b>Mid Term Examination</b>				
10	<b>DEMAND ESTIMATION BY REGRESSION ANALYSIS</b> <ul style="list-style-type: none"> <li>Simple Linear and Multiple Linear Regression Models</li> <li>Demand estimation by Regression Analysis (Continue)</li> <li>Significance of estimated coefficients and model</li> <li>Use of R<sup>2</sup></li> </ul>	CLO4: Evaluate production processes, cost behavior, regression-based demand estimation, and forecasting methods for managerial decision-making.	Open Discussion  Power point slides,  video/scenario		Chapter-6  Mark Hirschey (2014). Managerial Economics, 12th Edition
11	<b>DEMAND FORECASTING</b> <ul style="list-style-type: none"> <li>Quantitative Methods for Forecasting</li> <li>Best Forecasts</li> <li>Forecasting power of a Regression Model</li> </ul>	CLO4: Evaluate production processes, cost behavior, regression-based demand estimation, and forecasting methods for managerial decision-making.	Open Discussion  Power point slides,  video/scenario	<b>Assignment 3: Submit by the end of 12<sup>th</sup> week</b>	Chapter-8  Mark Hirschey (2014). Managerial Economics, 12th Edition  Case Study:

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
					Diminishing Returns from Study Case study: The Implications of Economies of Scale Case Study: Aircraft Assembly Plants versus Concrete Plants.
12	<p><b>THE PRODUCTION PROCESS AND COSTS</b></p> <ul style="list-style-type: none"> <li>• Short-Run versus Long-Run Decisions, Isoquants,</li> <li>• Short-Run Costs, long-Run costs Isocosts</li> <li>• Algebraic Forms,</li> </ul>	CLO5: Recommend solutions for pricing strategies, resource allocation, and business profitability across competitive and non-competitive markets.	Open Discussion  Power point slides,  video/scenario	<b>Quiz 3</b>	Chapter-7  Mark Hirschey (2014). Managerial Economics, 12th Edition  Article: The Greatest Leadership Article I've Ever Read
13	<p><b>PRODUCTION ANALYSIS</b></p> <ul style="list-style-type: none"> <li>• Production Function</li> <li>• Total, Marginal and average Products in case</li> </ul>	CLO5: Recommend solutions for pricing strategies, resource allocation, and business	Open Discussion	<b>Assignment 4: Submit by the end of 14<sup>th</sup> week</b>	Chapter-10, 11  Mark Hirschey (2014). Managerial

Week	Topic/Sub-Topic	Corresponding CLO	Teaching Methodology	Assessments	Teaching Material
	of single and two variable inputs <ul style="list-style-type: none"> <li>• Marginal Revenue Product and Optimal Employment of Inputs</li> <li>• Returns to scale vs. Returns to factor</li> </ul>	profitability across competitive and non-competitive markets.	Power point slides,  video/scenario		Economics, 12th Edition
14	<b>MARKET STRUCTURES</b> <ul style="list-style-type: none"> <li>• Managing in Competitive, perfect competition, Short-Run versus Long-Run Decisions</li> <li>• Monopoly, Maximizing Profits</li> </ul>	CLO5: Recommend solutions for pricing strategies, resource allocation, and business profitability across competitive and non-competitive markets.	Open Discussion  Power point slides,  video/scenario	<b>Quiz 4</b>	
15	<b>Project Presentation</b>				
16	<b>Final Term Examination</b>				

Textbook/Supplementary Reading/ Online Resources/ Research Articles and Case Studies
<p><b>Main References:</b></p> <ol style="list-style-type: none"> <li>1. Mark Hirschey (2014). Managerial Economics, 12th Edition</li> <li>2. Michael R. Baye (2007). Managerial Economics and business strategy, 6th Edition, McGraw Hill.</li> </ol> <p><b>Additional references:</b></p> <ol style="list-style-type: none"> <li>3. Peter Cassimatis (1995). Introduction to Managerial Economics, Routledge</li> <li>4. Managerial Economics, Global Edition, 7th Edition, Paul Keat, Philip Young</li> <li>5. Managerial Economics and Strategy, Jeffrey Perloff, James Brander.</li> <li>6. Managerial Economics, An Analysis of Business Issues, 3rd Edition, Howard Davies, Pun-Lee Lam.</li> </ol> <p><b>Supplementary Resources:</b></p> <p>Articles and Hand out shall be shared with class occasionally, based on the topics discussed.</p>
Ethics/Norms and Important Class Policies
<ul style="list-style-type: none"> <li>• Turn off your Mobile Phones. It is unprofessional to be texting or otherwise</li> <li>• Participants should regularly visit the course website on SLATE, and fully benefit from its capabilities.</li> <li>• All assignments, quizzes, case reports, other groups' works and final project will be submitted electronically on their respective cutoff date and time on SLATE. Make sure your SLATE is working and there is no blockage due to nonpayment of fee or any other reason.</li> <li>• A minimum of 75% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. Participants with less than 75% of attendance in a course will not be allowed to take end term exams.</li> <li>• Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.</li> </ul>
Plagiarism Policy
<p>As part of our dedication to maintaining a fair and just academic environment, we have implemented a comprehensive set of measures to detect and address instances of plagiarism and cheating. These measures include advanced plagiarism detection software, thorough review processes, and open communication channels to encourage reporting of any suspected cases. In the event that any student, is found engaging in plagiarism, cheating, or other unethical behaviours, the university will take appropriate actions as outlined by the HEC plagiarism policy. These actions may include:</p> <ul style="list-style-type: none"> <li>• Given a failure grade in the subject.</li> <li>• Fined an amount as deemed appropriate.</li> <li>• Carry out social responsibility activity.</li> <li>• Any other penalty as recommended by Disciplinary Action Committee.</li> </ul>

### **TERM PAPER (MANAGERIAL ECONOMICS)**

#### **DIVIDE INTO WEEKLY PARTS**

**NOTE:**

1. Presentation would be held in the last sessions of the course.
2. Submission deadline of the final project would be the last date of the semester.
3. No late submissions would be entertained in any case.
4. Every group would have to meet the instructor for at least four (4) times before the final presentation and submission.
5. Brain storm process meeting is part of above-mentioned meetings.

**GUIDELINES:**

1. Define your hypothetical particular business and provide a brief overview of why that is an important business in Pakistan.
2. Identify facts which are relevant to your business.
3. Analyze the feasibility of your business using managerial techniques identifying all relevant consequences.
4. Compare negative versus positive consequences and assess whether net profit will rise or fall due to the present economic conditions prevailing in the country.
5. Apply government regulatory criteria on your work and analyze the positive and negative effects that it possesses on your business.
6. Discuss the universal application of your business,
7. Provide a conclusion comparing results identifying whether your business conclusion equates with your conscience on chosen topic.
8. Try to prove your work efficient enough to be applicable in practical life.