

Engineering Tripos Part IIA, 3E1: Business Economics, 2021-22

Module Leader

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Lecturer

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Timing and Structure

Lent term. 16 lectures and coursework.

Aims

The aims of the course are to:

- Introduce students to the use of economics to understand the operation and decisions of businesses, their industrial environment and the macroeconomy.

Objectives

As specific objectives, by the end of the course students should be able to:

- Understand and be able to work with the basic theory of demand and supply and market equilibrium. Apply supply and demand analysis as a qualitative forecasting tool to explain the effects of interventions in competitive markets.
- Understand how market forces, including but not limited to consumer expectations, rivals actions, and internal cost structures, affect optimal decisions pertaining price and production targets.
- Understand different forms of market structure, including perfect competition, monopoly and oligopoly.
- Apply game theory to managerial decision making under strategic settings.
- Assess and evaluate different pricing strategies based on their effectiveness at achieving stated goals of the firm and their impact on the economy.
- Understand the sources and consequences of information asymmetry on markets and identify strategies for mitigating the problems.
- Understand the concepts of market failure, externalities and public goods, and the policies a government might use to deal with them.
- Situate the firm in relation to the Global Business environment. Understand reasons for international trade, exchange rates, international trade policies, multinational enterprises and outsourcing
- Characterize the basic macroeconomic environment relevant to firms.
- Understand the main determinants of the different components of aggregate demand.
- Understand the possible impacts of monetary and fiscal policy for firms.

Content

Course Outline

- Demand, Supply and Elasticity
- Demand Estimation and Consumer Choice
- Firm's Production Process, Technology and Costs
- Market Structure and Simple Pricing Strategies
- Strategic Pricing
- Oligopoly, Game Theory and Business Strategy
- Information, Government and Business
- Global Business and Macroeconomics

Coursework

Coursework details:

2000 word count essay.

Booklists

Course textbook:

Perloff, Jeffrey M. and Brander, James A. Managerial Economics and Strategy. Second edition: Global edition. Harlow: Pearson, [2019].

Examination Guidelines

Please refer to [Form & conduct of the examinations](#) [2].

UK-SPEC

The [UK Standard for Professional Engineering Competence \(UK-SPEC\)](#) [3] describes the requirements that have to be met in order to become a Chartered Engineer, and gives examples of ways of doing this.

UK-SPEC is published by the Engineering Council on behalf of the UK engineering profession. The standard has been developed, and is regularly updated, by panels representing professional engineering institutions, employers and engineering educators. Of particular relevance here is the '[Accreditation of Higher Education Programmes \(AHEP\) document](#) [4] which sets out the standard for degree accreditation.

The [Output Standards Matrices](#) [5] indicate where each of the Output Criteria as specified in the AHEP 3rd edition document is addressed within the Engineering and Manufacturing Engineering Triposes.

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Links

[1] <mailto:j.kozakrogo@jbs.cam.ac.uk>

[2] <http://teaching.eng.cam.ac.uk/content/form-conduct-examinations>

[3] <http://www.engc.org.uk/ukspec.aspx>

[4] <http://www.engc.org.uk/standards-guidance/standards/accreditation-of-higher-education-programmes-ahep/>

[5] <http://teaching.eng.cam.ac.uk/content/output-standards-matrices>