

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

Module Leader

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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

This syllabus contributes to the following areas of the [UK-SPEC](#) [3] standard:

[Toggle display of UK-SPEC areas.](#)

GT1

Develop transferable skills that will be of value in a wide range of situations. These are exemplified by the Qualifications and Curriculum Authority Higher Level Key Skills and include problem solving, communication, and working with others, as well as the effective use of general IT facilities and information retrieval skills. They also include planning self-learning and improving performance, as the foundation for lifelong learning/CPD.

IA1

Apply appropriate quantitative science and engineering tools to the analysis of problems.

KU1

Demonstrate knowledge and understanding of essential facts, concepts, theories and principles of their engineering discipline, and its underpinning science and mathematics.

KU2

Have an appreciation of the wider multidisciplinary engineering context and its underlying principles.

S1

The ability to make general evaluations of commercial risks through some understanding of the basis of such risks.

US1

A comprehensive understanding of the scientific principles of own specialisation and related disciplines.

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Links

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

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

[3] <https://teaching.eng.cam.ac.uk/content/uk-spec>