



Module Structure

Module Title : Managerial Economics

Module Code : HTMM371

Programme of Study/Year of Study : Hospitality and Tourism Management/Year 3

Group : HTMIII **Semester :** Fall

Number of Hours Taught : 2 hours per week **ECTS :** 3

Instructor: Kyriacos Hadjisoteriou

Office Hours: 1st and 3rd Tuesday

each month : 13:10 – 14:00

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Pre-requisite(s) : NONE

Module Rationale

This module refers to the application of economic theory to examine how a firm can take optimal managerial decisions in the face of the constraints and economic environment it faces.

It will provide students with the knowledge, tools and techniques to better understand economic problems and to make effective economic decisions under conditions of uncertainty and risk. Demand, cost and pricing decisions are emphasised. Topics include conceptual understanding of consumer behavior in the context of the economics science, supply and demand, decision-making criteria and procedures, cost theory and estimation, pricing theory and practice. Extensive use of examples from the Travel and Tourism Industry will be provided throughout the course to facilitate the enhancing of students' motivation, understanding and learning.

Aims

This course seeks to equip students with the fundamental theoretical framework necessary to understand and apply key economic theories and principles to the real world of business and in their jobs.

It uses economic theory, drawn to a large extent from the Microeconomics domain, to educate students on the behavior and decisions at the level of the consumer, the firm and the industry. At the same time, it provides an initial - basic understanding of the macroeconomic environment and how it affects the firm and managerial decisions.

Intended Learning Outcomes

After completion of the course students are expected to be able to:

- Understand the subject matter and approach of Managerial Economics
- Explain the goals of the firm;
- Understand the meaning and essence of economic optimisation;
- Understand the theory of Supply and Demand, its determinants and how to analyse them;
- Be able to estimate demand and use basic demand estimation methods
- Understand the basics of production economics;
- Understand and know how to apply the cost theory from the economist's perspective
- Explain pricing and output decisions in different market structures;
- Recognise and know how to use different pricing strategies;
- Understand game theory for strategic decisions
- Explain Porter's Approach to Competitiveness and Strategy
- Understand the time value of money and the risk Vs return relationship in investment decisions
- Understand and apply investment appraisal tools in real life scenarios
- Gain some basic understanding of the macroeconomic environment and how it affects the firm and the industry it operates

Delivery Methods:

Lectures (with PowerPoint Presentations), In-Class Exercises and In-Class Discussions

Assessment:

Tests and Mid-Term (40%)

Group assignment (30%)

Final Examination (30%)

Module Requirements

Refer to the students' manual for the module requirements

Module Plan and Content

Week	Dates	Topics to be Covered	Reference Chapter / Material
1.	3/10	Introduction to Managerial Economics	Tribe (2011) – Ch. 1
2.	10/10	Firms and Managerial Objectives, Economic Optimisation, tools of economic analysis	Tribe (2011) – Ch. 2
3.	17/10	Demand and Supply – Demand, Supply, determinants of both	Tribe (2011) – Ch. 3 / Hughes (1988) - Ch. 2
4.	24/10	Demand and Supply – Demand Analysis, concept of elasticity [Test 1 (20%)]	Tribe (2011) – Ch. 4 / Hughes (1988) - Ch. 2
5.	31/10	Production theory, economies of scale and scope, outsourcing decisions	Tribe (2011) – Ch. 5 & Samuelson (1995) – Ch.6

Week	Dates	Topics to be Covered	Reference Chapter / Material
6.	7/11	Cost Theory – The economist’s perspective, cost drivers, break even analysis	Tribe (2011) – Ch. 6 / Hughes (1988) - Ch. 5
7.	14/11	Market Structures, Pricing and Output Decisions. Game Theory	Tribe (2011) – Ch. 7 / Hughes (1988) - Ch. 3
8.	21/11	Porter’s 5 Forces Model [Test 2 (20%)]	Tribe (2011) – Ch. 8
9.	28/11	Time value of money, Investment decisions and Risk Vs Reward Relationship	Tribe (2011) – Ch. 10
10.	5/12	Investment Appraisal tools for evaluating and choosing amongst different investment opportunities	Tribe (2011) – Ch. 10
11.	12/12	The Macroeconomic environment – how it affects managerial decisions	Tribe (2011) – Ch. 9
12.	19/12	[Group assignment (30%)] Presentations	
13.	9/1	Revision	
	11/1 – 25/1	[Final Examination (30%)]	

Essential Reading

Tribe John (2011), The Economics of Recreation, Leisure & Tourism, Fourth Edition, Routledge

Additional Reading

Hughes Howard L. (1988), Economics for Hotel and Catering Students, Second Edition, Hutchinson

Samuelson Paul A., Nordhaus William D., (1995), Economics, 15th Edition, McGRAW-HILL

