

EMBA-2426-112-Introduction to Micro/Macro Economics

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Description of the course This course provides an essential understanding of both microeconomic and macroeconomic principles with direct relevance to business decision-making. In the microeconomics portion, we explore key concepts such as market equilibrium between supply and demand, the limits of laissez-faire, and then turn to the determinants of the firms' strategy: how their cost structure and market environment influence pricing and profit maximization behaviour. You will gain insight into how markets function and learn to predict market outcomes, equipping you with analytical tools that are fundamental to management, finance, and strategy. In the macroeconomics section, we discuss how to assess the environment in which your organization evolves, exploring topics such as GDP, inflation, and unemployment. Understanding these macroeconomic forces will allow you to anticipate economic shifts and strategically navigate the complex global marketplace. Through hands-on exercises, case studies, and real-world applications, you will develop the ability to evaluate economic conditions and inform your strategic decisions. While the material covers core economic principles, it is presented with a practical focus, ensuring that you can apply these concepts immediately in your managerial role. By the end of the course, you will have a sound foundation in both micro and macroeconomics, helping you better understand the market dynamics at both firm and global levels, and preparing you for more advanced MBA studies in areas like finance, strategy, and leadership.		
Course units General introduction: o. What is economics? Why does it matter? Compulsory reading: Chapter 1. Welcome to Economics! Microeconomics: 1. Choices are about preferences and constraints 2. Simple markets: Demand and Supply 3. Market failure: externalities 4. Base metric of demand and supply: Elasticity 5. Costs, (dis)economies of scale, and market structures 6. Stylized market structure 1: perfect competition 7. Stylized market structure 2: monopoly 8. More common market structures: oligopoly and monopolistic competition Macroeconomics: 9. How to measure production, aggregate demand, and income 10. How to compare production over time and across space 11. Is income welfare? 12. How to measure the price level 13. How to measure unemployment		
Course Learning Outcomes (CLOs) 1. Apply economic theory to assess industry profitability and identify key drivers of competitive advantage within different sectors. 2. Analyze the determinants of pricing by distinguishing the roles of cost structures, demand fluctuations, and market competition in shaping business strategies. 3. Interpret and evaluate key macroeconomic indicators (e.g., GDP, inflation, interest rates) to anticipate economic trends and their impact on business operations. 4. Understand and assess the external economic environment and how shifts in global, national, and local conditions may influence your organization's strategic decisions.		
Prerequisite (if any) /		
Contribution to Programme Learning Objectives (PLOs)*** <ul style="list-style-type: none">Learning Objective 1.1: ReinforcementLearning Objective 1.2: ReinforcementLearning Objective 2.1: IntroductionLearning Objective 2.2: Not CoveredLearning Objective 3.1: Not CoveredLearning Objective 3.2: Not Covered	Evaluation scale 0-20	
Main Teaching methods used in the course Lecture, Interactive Lecture, Directed Discussion, Case Based Learning		

Notice: The information available in the course outline is subject to change. Please keep yourself informed at all times by regularly checking Canvas.

*ECTS - European Credit Transfer and Accumulation System (1 ECTS = 30 hours of learning)

**CH - Contact Hours in class or online, SDL - Self-Directed Learning including readings, homework, group work, preparation to assessment, etc

***PLO - Programme Learning Objectives are available on the curriculum page

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Contribution to the Environmental, social and governance (ESG)

Course Contribution to ESG: No

Contact Hours are dedicated to ESG: /

Contact Hours containing climate solutions for how organisations can reach net zero: /

Description of contribution: /

Assessment methodology / Learners Use of Time and Load

Assignment one: During-Course Test about readings

- weight 35%
- workload estimated = 25 hours
- due 14-11-2024
- Guidelines: There will be in-class tests (e.g. Wooclap) on the book material during the on-campus contact hours.

Assignment two: Group Essay

- weight 45%
- workload estimated = 35 hours
- due 01-12-2024
- Guidelines: "By November 4, form groups of 4 to 5 learners and select an industry that you will be "analyzing and dissecting" in class. Write to Micael Castanheira with your proposal (detailing the group and the industry, with a justification of why you selected it). M. Castanheira may either accept your proposal or impose another, depending on the justification. Examples of key questions that you will have to address in class with the theories that are reviewed in the above material will be: what characteristics of this sector influence its current and long-term profitability, or lack thereof? Which demand or supply shocks may be transformative? What are the opportunities for your generation in that sector?"

Assignment three: In-class participation

- weight 20%
- workload estimated = 10 hours
- due 22-11-2024
- Guidelines: More information on this way of assessment will be disclosed at the first session.

Readings

Required

Greenlaw, Taylor, and Shapiro (2017). Principles of Economics 2nd edition,

Recommended

Supplementary articles:

- Madeleine Speed and Hannah Kuchler (October 16, 2023) "Predictions that weight-loss drugs will dampen appetite hard to swallow for snacks makers", Financial Times
- The Economist, (August 15, 2024) "Can Big Food Adapt to Healthier Diets?"
- Harriet Agnew, Madeleine Speed (August 22, 2024) "Nestlé chief executive Mark Schneider to step down", Financial Times
- The Economist, (August 31, 2024) "Too much of a Good Thing"
- Gilson and Abbot (2018) "Tesla: Financing Growth", Harvard case 9-218-033
- Yoon (2017) "Tesla shows how Traditional Business Metrics are Outdated", Harvard Business Review
- Downes and Nunes (2017). "Is Tesla Really a Disruptor ? (And Why the Answer Matters), Harvard Business Review
- The Economist, (July 31, 2023) "What if Germany stopped making cars?"
- Nilsson (Sept 9, 2024) "Volkswagen's \$5bn Rivian tie-up prompts dismay at software division", Financial Times
- Stiglitz, Joseph E., Amartya Sen, and Jean-Paul Fitoussi. Report by the commission on the measurement of economic performance and social progress, 2009. Download.
- Chancel, Lucas, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman, eds. World inequality report 2022, 2021. Download.

Other Learning Materials

- Fast-Moving Consumer Goods. Food habits, Pharmaceutical Innovation, and the new challenges for the food industry.
- How Does Car Size Matter?
- The Car Industry

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