

## Course description

### Management Economics

Study programme:	Bachelor's degree in International Marketing and Relationship Management Bachelor's degree in Marketing and Sales Management
Course:	Management Economics
Semester:	Autumn
Credits:	5
Course coordinator:	Assistant Professor Terje Grann
Number of teaching hours:	30
Necessary prerequisites:	General admission requirements
Course description:	<p>The course aims to provide students with a basic understanding of the economic models, conceptual apparatus and management tools that are able to describe and clarify the conditions and opportunities for businesses. Financial management, budgeting and analysis of income and costs are fundamental elements of the course.</p> <p>Students will gain knowledge of financial management and acquire a basic understanding of principal financial concepts. This will be achieved by gaining an overview of costs, price as a competitive factor, market adaptation, calculation using various methods (full cost and contribution method), break- even analysis and budgeting. Students should be able to participate in decision-making processes within the various areas of financial activities.</p>
Thematic overview:	<ol style="list-style-type: none"><li>1. A company's environment<ol style="list-style-type: none"><li>1.1 Socio-economic questions</li><li>1.2 Basic assumptions</li><li>1.3 Economic activities</li></ol></li><li>2. The company<ol style="list-style-type: none"><li>2.1 Goals</li><li>2.2 Ethics</li><li>2.3 Economic management processes</li></ol></li></ol>

- 2.4 Industrial companies
- 2.5 Commercial companies
- 2.6 Service companies
- 2.7 Company types
- 3. Company costs
  - 3.1 Discretionary accruals
  - 3.2 Material costs
  - 3.3 Wages, holiday money, and employer's contribution
  - 3.4 VAT
  - 3.5 Writing-off
  - 3.6 Company's other costs
  - 3.7 Calculable costs
- 4. Costs sequence
  - 4.1 Fixed, variable and total costs
  - 4.2 Marginal costs
  - 4.3 Direct and indirect costs
  - 4.4 Alternative costs
- 5. Income formation
  - 5.1 Forms of competition and markets
  - 5.2 Price, price elasticity and decisive factors
- 6. Income, costs and result – a theoretical model
  - 6.1 Monopoly
  - 6.2 Perfect competition
- 7. Product calculation
  - 7.1 Full cost
  - 7.2 Methods
    - 7.2.1 Division calculation
    - 7.2.2 Additional calculation
      - 7.2.2.3 Full cost method
      - 7.2.2.4 Contribution method
- 8. Costs – result – volume analysis (settlement analysis)
  - 8.1 Conditions
  - 8.2 Settlement contribution
  - 8.3 Settlement degree
  - 8.4 Settlement point
  - 8.5 Risk margin – safety margin
  - 8.6 Settlement diagram
  - 8.7 Consequences of changed conditions
- 9. Choice of product
  - 9.1 Free production capacity
  - 9.2 Full production capacity

- 9.3 Reductions
- 9.4 Bottleneck
- 10. Budgeting
  - 10.1 Planning levels
  - 10.2 The strategic process
  - 10.3 The company's strategic plan
  - 10.4 The company's planning cycle
  - 10.5 The individual budget and budget aspects
  - 10.6 Main budget
    - 10.6.1 Result budget
    - 10.6.2 Liquidity budget
  - 10.7 Control

Organisation: 30 hours of teaching, which will include lectures in class and individual and group supervision.

Obligatory reading list including number of pages and prices:  
Hoff, Kjell Gunnar (2005): *Bedriftens økonomi*, 6. utgave. Universitetsforlaget. 400 pages, price NOK 449,  
Hoff/Hoff (2005): *Oppgaver og løsningsforslag*, 6. utgave, Universitetsforlaget. 200 pages, NOK 299.

Evaluation: Written group examination, pass/fail  
Written individual examination, 100 %