UCLouvain

# lfsab1803

*2017*

# Economy of the firm

| 3 credits | 30.0 h | Q2 |
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| Teacher(s) | Boucher Jacqueline ;Hendrickx Julien ; |
| Language : | French |
| Place of the course | Louvain-la-Neuve |
| Main themes | Introduction to macroeconomics: This introduction will be covered in two lectures, and aims at positioning the companies in the general economic framework. The main concepts necessary to understand the economic environment of companies are introduced.<br>Economic analysis of companies and markets, including a rigorous introduction to the relevant microeconomic notions, and a presentation of the main approaches and schools of thought.<br>Investment choices, which require knowledge of stocks and cash flows and determining the decision and its consequences. |
| Aims | Contribution of the course to the program objectives<br>Regarding the learning outcomes of the program of Bachelor in Engineering, this course contributes to the development and the acquisition of the following learning outcomes:<br>' LO 1.1, 1.2<br>' LO 2.6, 2.7<br>Specific learning outcomes of the course<br>More precisely, at the end of the course the students will be able to<br>Concerning perfect competition:<br>' State and analyse critically the hypothesis of perfect competition, and identify situations in which they do not hold true; explain the model usefulness<br>' Define explain and compute the notions of utility, demand curve and elasticity.<br>' Define and explain the different notions of cost (including average cost, marginal cost, long terms/ short term'), compute these costs, use them to make economic decisions and see their impact on the supply curve.<br>' Explain situations of economies/diseconomies of scales, their impact on economic decisions and 'economic rents'.<br>' Compute equilibriums and relevant economic values in a situation of (or close to) perfect competition.<br>1 ' Explain how and why the equilibrium in perfect competition is optimal, and define different types of Pareto-optimal situations<br>'<br>Concerning monopoly<br>' Define and identify the notion of monopoly, the different sorts of monopolies (including natural monopoly), and several methods to regulate monopolies and monopolistic competition situations.<br>' Explain and quantify the impact of these situations on the market players.<br>' Compute equilibriums and relevant economic values in these various situations.<br>' * Concerning oligopolies<br>' Define and identify different cases of oligopolies, including cartels.<br>' Explain and quantify the impact of these situations on the market players.<br>' Compute equilibriums and relevant economic values in these various situations.<br>Concerning accountancy and time-adjusted values<br>' Define and explain the main values appearing on a balance sheet.<br>' Compute these values in simple cases.<br>' Define and compute different indicators of the value of future and past cash flows.<br>' Use these indicators to make investment decisions in a risk-neutral environment.<br>- - - -<br>*The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".* |

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| Evaluation methods | The teaching method involves<br>Lectures illustrated by real examples taken from actual business cases and current economic events.<br>Simple quizzes proposed online after each lecture allowing students to check if they have understood the notions seen in the lectures and illustrating these notions.<br>Solving application-oriented and advanced problems. |
| Teaching methods | The teaching method involves<br>Lectures illustrated by real examples taken from actual business cases and current economic events.<br>Simple quizzes proposed online after each lecture allowing students to check if they have understood the notions seen in the lectures and illustrating these notions.<br>Solving application-oriented and advanced problems. |
| Content | The macroeconomic context of businesses and markets, some important and relevant economic values (global demand, consumption, investments')<br>Economic analysis of business and markets-Fundamentals of economic sciences.<br>Perfect competition model: assumptions, properties, and use as a limit case.<br>Monopoly theory: assumptions, price discrimination, monopoly as a limit case, regulation of monopolies<br>Oligopolies: Assumptions, multiple models of oligopolistic competition, comparison of the price mechanisms with those of monopolies and of markets in perfect competition, product differentiation and cartels<br>Investment choices, formal analysis of cash flows<br>Basic accountancy notions<br>Critical presentation of the different methods to evaluate investments. Introduction to the uncertainty issues.<br>Cost analysis: The various notions of cost: marginal, average, cost, cost, direct and allocated, short term vs long term and cost of capital. |
| Inline resources | http://icampus.uclouvain.be/claroline/course/index.php?cid=FSAB180386a |
| Bibliography | Syllabus disponible en ligne sur iCampus |
| Faculty or entity in charge | BTCI |

| Programmes containing this learning unit (UE) | | | | |
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| Program title | Acronym | Credits | Prerequisite | Aims |
| Bachelor in Engineering | FSA1BA | 3 | | |
| Master [120] in Chemistry | CHIM2M | 3 | | |