MicroEconomics

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| Course code | *ECO101* |
| Compulsory in the programmes | *International Business Communication* |
| Level of studies | *Undergraduate* |
| Number of credits | *6 ECTS (48 contact hours + 6 consultation hours, 106 individual work hours)* |
| Course coordinator (title and name) | *Associate Prof. Aras Zirgulis* |
| Prerequisites | Principles of Economics, Mathematical Analysis |
| Language of instruction | *English* |

**THE AIM OF THE COURSE:**

This course provides an introduction to analysis of economic behavior. The ability to predict market outcomes is indispensable not only for a sound business strategy but also for a meaningful public policy. The main focus of the course is on optimal decision making, understanding determinants of demand and supply, market equilibrium, strategic behavior, and welfare analysis. Introduction to choices under uncertainty and the general equilibrium analysis is also covered. The course teaches an analytical approach to the functioning of the market mechanism, economic behavior of market participants, market environment impact on competition, and business strategies. Students should acquire the skills and the ability to apply microeconomic analysis and optimization methods to a large variety of economic problems.

**MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS**

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| Course level learning outcomes (objectives) | Degree level learning objectives | Assessment methods | Teaching methods |
| CLO1. Understand the main theories in microeconomics | BLO 1.1  BLO 1.2 | Midterm test, final exam | Lectures, seminars |
| CLO2. Analyse and model microeconomic phenomena | BLO 1.1 | Midterm test, final exam | Lectures, seminars |
| CLO3. Evaluate governmental policy as it relates to microeconomics | BLO 1.1  BLO 4.2 | Midterm test, final exam | Lectures, seminars |
| CLO4. Graphically model microeconomic situations | BLO 1.1  BLO 4.2 | Midterm test, final exam | Lectures, seminars |
| CLO5. Relate real economic experiences to theory | BLO 1.2  BLO 4.2 | Midterm test, final exam | Lectures, seminars |
| CLO6. Identify economic situations at the firm and personal level | BLO 1.2  BLO 4.2 | Midterm test, final exam | Lectures, seminars |
| CLO7. Develop researching skills | BLO 4.1  BLO 4.2 | Midterm test, final exam, group project | seminars |

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

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| **Topic** | **In-class hours** | **Readings** |
| **1: Introduction: Consumer Behavior. Consumer choice, indifference curves, utility maximization** | 4 | Ch 1-3 |
| **2: Individual and Market Demand. Individual demand, Income and substitution effects, market demand, consumer surplus** | 4 | Ch 4 |
| **3: Uncertainty and Consumer Behavior. Risk, behavioral economics** | 4 | Ch 5 |
| ***4:* Production and Costs. Production functions, returns to scale, cost functions** | 4 | Ch 6,7 |
| ***5:* Profit Maximization. Perfectly competitive markets, profit maximization, marginal revenue, marginal cost** | 4 | Ch 8 |
| **Midterm: Topics 1-5** | 2 |  |
| **6:The Analysis of Competitive Markets. Evaluating the gains and losses from government policies** | 4 | Ch 9 |
| **7: Monopoly and Monopsony. Evaluating monopolies and monopsonies** | 4 | Ch 10 |
| **8: Monopolistic Competition and Oligopoly; Market Power and Pricing: Monopolistic competition, the several forms of oligopoly, capturing consumer surplus, price discrimination** | 4 | Ch 12, 11 |
| **9: Markets for Factor Inputs. Markets for labor and materials used in production, present values, the effect of interest on Investments** | 4 | Ch 14, 15 |
| **10: General Equilibrium. General equilibrium analysis, efficiency in exchange, trade and comparative advantage** | 4 | Ch 16 |
| **11: Externalities and Public goods. External effects on consumption and production. Possible solutions.** | 4 | Ch 18 |
| **12: Markets with Asymmetric Information. Quality uncertainty and the market for lemons, market signaling, moral hazard** | 2 | Ch 17 |
|  | **Total: 48 hours** |  |
| CONSULTATIONS | 6 |  |
| FINAL EXAM | 2 |  |

**FINAL GRADE COMPOSITION**

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| **Type of assignment** | **%** |
| *Group Components 15%* |  |
| Group Homework Presentation | 15% |
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| *Individual Components 85%* |  |
| Midterm exam | 35% |
| Final exam | 50% |
| **Total:** | **100** |

**DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

*(Provide short descriptions and grading criteria of each assignment)*

1. Group Homework Presentation (15%) will require that students solve a homework problem and present it to the class during seminar. At the beginning of the seminar, the group will provide the written solution to the lecturer.
2. The mid-term test (35%) will cover the content of Lecture 1-5. it will consist of multiple-choice questions and short-answer open questions.
3. The final exam will account for 50% of the final grade: It will consist of multiple-choice questions and short-answer open questions. The final exam will cover all topics presented in Lectures 6-12.

**REQUIRED READINGS**

1. Pindyck, Robert S., and Daniel L. Rubinfeld. Microeconomics. 7th ed. Upper Saddle River, NJ: Pearson Prentice Hall, 2004.

**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*

*International Business and Communication,*

*Business Management and Marketing,*

*Finance,*

*Industrial Technology Management,*

*Entrepreneurship and Innovation*

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| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | BLO1.1. Students will be able to understand core concepts and methods in the business disciplines |
| BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions |
| Students will be socially responsible in their related discipline | BLO2.1. Students will be knowledgeable about ethics and social responsibility |
| Students will be technology agile | BLO3.1. Students will demonstrate proficiency in common business software packages |
| BLO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| BLO4.2. Students will be able to convey their ideas effectively through an oral presentation |
| BLO4.3. Students will be able to convey their ideas effectively in a written paper |

**Learning objectives for the Bachelor of Social Science**

*Programmes:*

*Economics and Data Analytics,*

*Economics and Politics*

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| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines |
| ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements |
| Students will have skills to employ economic thought for the common good | ELO2.1.Students will have a keen sense of ethical criteria for practical problem-solving |
| Students will be technology agile | ELO3.1. Students will demonstrate proficiency in common business software packages |
| ELO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | ELO4.1.Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| ELO4.2.Students will be able to convey their ideas effectively through an oral presentation |
| ELO4.3. Students will be able to convey their ideas effectively in a written paper |