



MICROECONOMICS

Course code	<i>ECO101</i>
Compulsory in the programmes	<i>Finance, Economics and Politics, Industrial Technology and Management</i>
Level of studies	<i>Undergraduate</i>
Number of credits	<i>6 ECTS (48 in-class hours + 6 consultation hours + 2 exam hours, 104 individual work hours)</i>
Course coordinator (title and name)	<i>Assist. Prof. Dr. Simonas Čepėnas</i>
Prerequisites	<i>Principals of Business, Economics and Management</i>
Language of instruction	<i>English</i>

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 choice under uncertainty and the general equilibrium analysis is also covered.

The course will teach an analytical approach to the functioning of market mechanisms, economic behavior of market participants, market environment impact on competition, and business strategies. Students will acquire the skills and the ability to apply microeconomic analysis and optimization methods to a large variety of economic/business problems.

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

Course level learning outcomes (objectives)	Degree level learning objectives BBM	Degree level learning objectives BSC	Assessment methods	Teaching methods
CLO1. Understand the main theories in microeconomics	BLO 1.1 BLO 1.2	ELO 1.1 ELO 1.2	Midterm, final exam	Lectures, seminars
CLO2. Analyze and model microeconomic phenomena	BLO 1.1	ELO 1.1 ELO 1.2 ELO 2.1	Midterm, final exam	Lectures, seminars
CLO3. Evaluate governmental policy as it relates to microeconomics	BLO 1.1 BLO 4.2	ELO 1.1 ELO 1.2	Midterm, final exam	Lectures, seminars
CLO4. Graphically model microeconomic situations	BLO 1.1 BLO 4.2	ELO 1.1 ELO 4.2 ELO 4.3	Midterm, final exam	Lectures, seminars
CLO5. Relate real economic experiences to theory	BLO 1.2 BLO 4.2	ELO 1.2 ELO 4.2	Midterm, final exam	Lectures, seminars
CLO6. Identify economic situations at the firm and personal	BLO 1.2	ELO 1.2	Seminar participation and group activities	Lectures, seminars



level	BLO 4.2	ELO 4.2		
CLO7. Develop researching skills	BLO 4.1 BLO 4.2	ELO 4.1 BLO 4.3	Seminar participation and group activities	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

Week	Topic	In-class hours	Readings
		Seminars	
1.	Introduction to Microeconomics. Elasticity of demand and supply. Introduction to Consumer behavior.	4	[1, 2, 3 ch.]
2.	Consumer behavior. Individual and market demand. Uncertainty.	4	[3, 4, 5 ch.]
3.	Production and Cost of Production	4	[6, 7 ch.]
4.	Profit maximization and competitive supply	4	[8 ch.]
5.	The Analysis of Competitive Markets		[9 ch.]
6.	Market power: monopoly and monopsony Monopolistic competition and oligopoly	4	[10 and 12 ch.]
7.	<i>Midterm exam</i>	2	Review all previous chps.
8.	Introduction to Game theory	4	[13 ch.]
9.	Duopoly competition: Cournot, Bertrand and Stackelberg models		Gibbon's Introduction to Applied GT
10.	Markets for factor inputs	4	[14 ch.]
11.	Gains from free trade. Collective action problems: externalities and public goods	4	[16, 18ch.], other readings TBA
12.	Mechanism Design: Markets with asymmetric information	4	[17 ch.], Akerlof's Market for Lemons
	<i>Course review</i>	2	
	Total hours	48	
	CONSULTATIONS	2	
	FINAL EXAM	2	



FINAL GRADE COMPOSITION

Assessment methods

Assignment	Topics	Total hours	Final grade, %
Midterm exam	1-6	36	40
Final exam	7-13	44	45
Attendance and seminar participation		48	15
Consultations		2	
Total		100	100%

Midterm examination. The midterm exam will be based on topics 1-6. The midterm exam consists of theoretical questions, case analysis and problem solving; the format may be multiple answer questions, open-ended questions, and economic problem. Consultations are set during seminars. The midterm exam will account for 40% of the final grade.

End-semester final exam. The final exam will be based on topics 7-13. The final exam consists of theoretical questions, case analysis and problem solving; the format may be multiple choice plus questions plus additional problem solving and/or open answer questions. Consultations are set during seminars. The final exam will account for 45% of the final grade.

Attendance/Group activities/Seminar participation. Attendance, group activities and seminar participation make up 15% of the final grade. Students will work in groups of 4-5 persons. All group members must be present during the assigned time for presentation session. Absent group members will receive a grade of zero. Topics will be related to the respective theory lectures and presentation dates (during seminars) will be assigned by the lecturer. After they get feedback on presentation students will prepare one-page executive summary on their topic and the grading will occur upon completion. More information may be provided on e-learning.

The retake exam. After receiving a failing final cumulative grade, a student can retake an exam. A retake exam will consist of all course material including the midterm and end-semester exam and will have 85% weight in calculation of the final cumulative grade. Group assignment cannot be retaken at a later time but these grades will be calculated into the final grade.

Readings:

1. Pindyck R.S, Rubinfeld D.L, *Microeconomics*, 7th edition, Prentice Hall, 2009
2. Gibbons, R. (1997). An Introduction to Applicable Game Theory. *The Journal of Economic Perspectives*, 11(1), 127–149. <http://www.jstor.org/stable/2138255>
3. George A. Akerlof. (1970). "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism." *The Quarterly Journal of Economics*, vol. 84, no. 3, pp. 488–500, <https://doi.org/10.2307/1879431> .

Additional readings:

TBA and will be posted on ISM Elearning



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*

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*

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