

## MICROECONOMICS

<b>Course code</b>	<i>ECO101</i>
<b>Compulsory in the programmes</b>	<i>International Business Communication</i>
<b>Level of studies</b>	<i>Undergraduate</i>
<b>Number of credits</b>	<i>6 ECTS (48 contact hours + 6 consultation hours, 2 hours of examination, 106 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Associate Prof. Aras Zirculis</i>
<b>Prerequisites</b>	<i>Principles of Economics, Business, and Management</i>
<b>Language of instruction</b>	<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 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), ASSESSMENT AND TEACHING METHODS

<b>Course level learning outcomes (objectives)</b>	<b>Degree level learning objectives</b>	<b>Assessment methods</b>	<b>Teaching methods</b>
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

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

## FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components 15%</i>	
Group Homework Presentation	15%
<i>Individual Components 85%</i>	
Midterm exam	35%
Final exam	50%
<b>Total:</b>	<b>100</b>

## 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.

**The retake 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.

## 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

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