

USC Marshall

School of Business

ECON 351: Microeconomics for Business

Syllabus – Spring 2016

Tu Th 4:00 – 5:50 in SLH 100; Tu Th 6:00 – 7:50 in ZHS 252

Professor: Dan Simundza

Office hours: Tu Th 2:00 – 3:30 in BRI 308 F, or by appointment

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Course Description

Economic analysis is a cornerstone of fundamental decision making in virtually all areas of business. The goal of this course is to show how microeconomic models can be used to guide business decisions. For example, the economics of consumer choice underlies much of modern marketing strategy, including pricing, segmentation, and advertising. The theory of the firm contributes to a sound understanding of cost accounting as well as production and location decisions. Economic analysis of decisions under uncertainty form the foundation of financial practice. Finally, the study of social goods, market failures and industry structure is necessary for an understanding of government's role in a market system.

Business Economics is designed to examine all of those areas in which economic reasoning is a necessary basis for making informed business decisions. The student who successfully completes ECON 351 should be able to apply microeconomic analysis to issues of real world interest both within and beyond the area of business.

Course Learning Objectives

Upon completion of this course you will be able to:

1. Apply graphical and algebraic analytical techniques to the analysis of resource allocation through an understanding of economic theories and models.
2. Apply the basic demand-supply market model to goods markets and factor markets by identifying and analyzing the values of equilibrium prices and quantities as determined by market forces.
3. Differentiate and apply different aspects of neoclassical economic theory by examining the dynamics of consumer, firm, and market forces and calculating their impacts.
4. Apply the model of behavior in risky circumstances by calculating expected utility, expected income, and certainty equivalents.

5. Explain the role of game theory in economic models through game-theoretic representations.
6. Explore market power by examining the impact of monopoly and oligopoly on resource allocation.
7. Analyze the impact of various forms of government intervention in markets by calculating the changes in consumer and producer surplus, and deadweight loss.
8. Analyze the impact of asymmetric information on market efficiency through the examples of adverse selection, moral hazard, and financial markets.
9. Apply concepts of comparative advantage through calculation of gains from exchange, given two countries' (or individuals') production possibilities frontiers.
10. Explore advanced ideas in business strategy and behavioral economics.

Alignment with Marshall School of Business Program Learning Goals

Learning Goals: In this class, emphasis will be placed on the USC Marshall School of Business learning goals as follows:

Goal	Description	Course Emphasis
1	Our graduates will understand types of markets and key business areas and their interaction <i>to effectively manage different types of enterprises</i>	High
2	Our graduates will develop a global business perspective. They will understand how local, regional, and international markets, and economic, social and cultural issues impact business decisions <i>so as to anticipate new opportunities in any marketplace</i>	Moderate
3	Our graduates will demonstrate critical thinking skills <i>so as to become future-oriented decision makers, problem solvers and innovators</i>	High
4	Our graduates will develop people and leadership skills to promote their effectiveness as <i>business managers and leaders</i> .	Low
5	Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society	Low
6	Our graduates will be effective communicators <i>to facilitate information flow in organizational, social, and intercultural contexts</i> .	Low

Prerequisites:

I will assume that you are familiar with basic algebra and calculus. You should expect exam questions requiring calculations. MATH 118 is a prerequisite for ECON 351.

Course Materials

Text: The required textbook for this course is *Microeconomics for Business*, a USC Custom Edition. The first three chapters of this book are taken from *Microeconomics* (5th ed.) by Hubbard and O'Brien, while the rest are taken from *Microeconomics* (8th ed.) by Pindyck and Rubinfeld.

MyEconLab (MEL): The custom text is bundled with a MyEconLab Student Access Code Card. MEL is an online study tool provided by the publisher designed to complement our custom text.

MEL has online practice tests, exercises, and other resources. You can also create your own study plan. We will use MEL for graded homework assignments. These assignments are set up to help you understand and become comfortable with the material. You get automatic feedback as you do the problems, and your efforts are graded automatically.

Blackboard: PDFs of lecture slides and other course materials will be available on Blackboard. I will also use the site for announcements. You will receive an email notification each time an announcement is posted.

You will be responsible for all the material covered during lectures, including the articles we will discuss. The slides posted on Blackboard are not a complete record of what we discuss in class, so attending lectures, taking notes, and asking questions will be required to successfully complete the course.

Course Responsibilities:

Your responsibilities for the course and the associated weight in the overall course grade are given below:

<u>Responsibility</u>	<u>Weight</u>
In-class participation	10%
Homework	15%
Midterm exams (2)	40%
Final exam	35%
Total	100%

Participation [10%] – The easiest way for you to do well in this class is to actively participate. Learning is not accomplished via osmosis; it requires costly effort. I provide

incentive for effort by giving credit for participation. The most important thing you can do in order to learn the material, and an easy way to improve your participation grade, is to ask questions. Questions (and answers) are public goods, and as such are underprovided. Please ask questions. If you are confused, I guarantee other people in the class are as well. Often times simply trying to figure out which question to ask is illuminating. At the very least, a simple “I’m lost” can be helpful.

In most classes, I will post a problem for you to work on in small groups. A correct answer is worth 3 points, while an incorrect answer is worth 2 points. I will drop your 2 lowest grades on these group exercises, and then the percentage of points you have received at the end of the term will form the bulk of your participation grade. Your participation grade can be lowered or raised by your behavior in class. I will reward engaging in class discussion by increasing your grade, and I will penalize distractions and other disruptive behavior by lowering your grade.

Homework [15%] – There will be 5 homework assignments throughout the course. Homework assignments will be on MyEconLab. Assignments will be posted at least 1 week before they are due and extensions will not be offered. [Note: we may have a few short quizzes throughout the term... I’m not sure yet.]

Midterm Exams [40%] – There will be two midterm exams, each worth 20% of your final course grade. The first midterm exam will be in class on Thursday, Feb 18. The second midterm exam will be in class on Thursday, March 31. There will be no make-up exams for the midterms. By enrolling in this course you are committing to take the tests on the scheduled dates. Each midterm is non-cumulative and will address only the material that directly precedes it.

Final Exam [35%] – The final exam will be during the time scheduled by the university (<http://classes.usc.edu/term-20161/finals/>). It will cover material from the entire course.

<u>Section</u>	<u>Final Exam</u>
4:00 – 5:50 on Tu Th	Thu May 5, 4:30 – 6:30
6:00 – 7:50 on Tu Th	Thu May 5, 7:00 – 9:00

Policies:

Accommodation – Students with need of special accommodations due to a documented disability should provide the appropriate letter from the Disability Services and Programs office by 1/26.

Behavior – Your actions cannot interfere with the learning opportunities of other students. Please be courteous.

Academic integrity – Students are expected to adhere to the standards of academic integrity that govern students registered at USC. I view cheating on assignments and

exams as a very serious offense. I encourage you to work together as much as possible, but your answers must be your own. Please familiarize yourself with the university's honor system at:

<http://classic.marshall.usc.edu/leventhal/curriculum/honorcode/student-honor-code.htm>

Grading issues – If you feel that an error has been made in grading, you must submit to me a written appeal within 1 week of the return of the assignment or exam. I will make the final decision after reviewing your argument.

Marshall Tutoring Program:

The Marshall Office of Undergraduate Advising offers Peer Tutoring as a supplement to classroom instruction. Marshall Peer Tutors are able to assist students in understanding and clarifying difficult concepts, but tutoring sessions are effective only if students regularly attend class and actively engage in the process of thinking critically about the course content.

Marshall Peer Tutoring services are available for core courses that are traditionally challenging, including ECON 351x. Students can choose to participate in group tutoring sessions or drop-in tutoring sessions. Most students will benefit from group tutoring in particular, as the purpose of group tutoring sessions is to review and discuss content covered in the previous and current week.

For more information, please go to <http://students.marshall.usc.edu/undergrad/marshall-peer-tutoring-program/>.

Topics:

The following list of topics is incomplete and is subject to change. Detailed reading assignments will be posted on the Blackboard website – it is your responsibility to check the site frequently. My main method of communication outside of the classroom will be through Blackboard. Please make sure your email address, whichever you choose to use, receives announcements from the site.

Overview of materials; Introduction to Microeconomics (Ch1)
Consumer behavior (Ch 5)
Individual and market demand (Ch 6)
Elasticities (Ch 4.4)
Uncertainty (Ch 7)
Production technology (Ch 8)
Producer costs (Ch 9)
Profit maximization and competitive supply (Ch 10)
Supply and demand (Ch 4)
Analysis of competitive markets (Ch 11)
Trade-offs, comparative advantage, and the market system (Ch 2)
Monopoly & monopsony (Ch12)
Pricing with market power (Ch 13)
Monopolistic competition and oligopoly (Ch 14)
Game theory and strategic interaction (Ch 15)
Asymmetric Information (Ch 17)
Externalities and public goods (Ch 18)