

# USC Marshall School of Business

## Econ 351 – Microeconomics for Business

### Syllabus – Fall 2020

#### Lecture times and locations:

Tues/Thurs 12:00-1:50pm, ONLINE (26008R)

Tues/Thurs 2:00-3:50pm, ONLINE (26348R)

Tues/Thurs 4:00-5:50pm, ONLINE (26349R)

Professor: Chad Kendall

Office: HOH 805

Office Phone: 213-740-7804

Office Hours: Wed 10:00-11:00am and 2:00-3:00pm (via Zoom)

E-mail: [chadkend@marshall.usc.edu](mailto:chadkend@marshall.usc.edu)

### Course Description

The main goal of this course is to show how microeconomic models can be used to guide business decisions. This is a course designed for business majors, with key departures from standard introductory microeconomics courses. We will study the behavior of consumers and firms, and their implications for demand, supply and market equilibrium. We will analyze competitive markets, market failures, and the role of government. To reflect rising concentration in markets we will spend some time on the implications of market power on firm pricing decisions and profits. The course also introduces basic principles of game theory and competitive strategy.

This course is designed to prepare students for future business courses, including finance, marketing, and strategy. The models, methods, and case studies have been selected with a focus on business relevant applications. More generally, this course provides a rigorous foundation for the study of decision making problems within firms. The student who successfully completes this course should be able to apply microeconomic analysis to issues of real world interest within the firm.

### 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.

Refer to the table at the end of the syllabus for a detailed description of how the above objectives align with The Marshall School of Business' program goals.

### **Course Delivery**

The course will be delivered 100% online following a “flipped” format. In this format, half of the material will be delivered via pre-recorded material. The other half will be delivered via lecture on Zoom (links provided via Blackboard). This means that you only need to attend lecture once a week. I plan to hold lectures only on Tuesdays (at the scheduled time for your section), but **you must be available** on Thursdays during the scheduled class time should I need to conduct a lecture on a particular Thursday.

The pre-recorded material will present the main concepts. Interactive lectures will instead focus on further developing those concepts, either through real-world examples and discussions, or through solving problems. It is therefore critical that you listen to the prerecorded material before attending lecture. I will **not** repeat the recordings in class and I will expect that you have a reasonable grasp of the material.

To aid in your comprehension of the recorded material, I will assign homework questions (via Blackboard) to accompany the material. You must do these homework questions before attending lecture.

All required material (links to recordings, homework, past exams, etc.) will be available through Blackboard (<http://blackboard.usc.edu>).

Zoom is the platform used for all online sessions and online office hours. A link and instructions to join the Zoom sessions will be posted in the Blackboard Course Pages. For more information about Zoom, go to: [Zoom Support Tutorials](#)

Students are strongly encouraged to ask questions during class and during office hours. Most times it is not feasible to give a comprehensive answer to questions sent via e-mail. If you send a question by e-mail and I believe that it is not feasible to give a satisfactory answer to that question by e-mail, I will ask you to attend office hours.

In addition, I encourage you to use the Blackboard forum to post questions. Any question that it is feasible to answer online will be answered by myself or the TA.

For students located in a time zone where the synchronous class sessions or exams fall outside the window of 8 a.m. to 10 p.m. in your local time zone, please contact me. You will not be penalized for not attending the live Zoom class sessions. The Zoom sessions will be recorded and posted on Blackboard, and you will be responsible for watching the recorded sessions. Exams and other synchronous assessments will be scheduled for students to be able to complete the assessment between 8 a.m. and 10 p.m. in your local time zone.

### **Technology Requirements**

The following equipment and system requirements are recommended to successfully participate in this online course:

- Computer with webcam
- Earphones or headset

- Reliable (preferably high speed) Internet connection
- Current operating system for Windows or Mac
- Current browser
  - Google Chrome
  - Firefox
  - Internet Explorer (not recommended)
  - Safari (Mac)

If you do not have access to these, please contact me.

For technical support please see:

- **USC Systems** (Blackboard, USC Login, MyUSC, USC Gmail, GoogleApps)  
For assistance with your USC login or other USC systems, please call +1 (213) 740-5555 or email [Consult@usc.edu](mailto:Consult@usc.edu). They are open Mon – Fri 9:30am – 5pm and weekends from 8am - 5pm (all Pacific time).
- **Zoom Video Web Conferencing System** (MarshallTALK)  
For assistance using Zoom, go to [Zoom Support Page](#). You may also call +1 (888) 799-9666 ext. 2. They are available 24/7.
- **Marshall Systems** (MyMarshall, Marshall Outlook email)  
For assistance with Marshall systems you can call +1 (213) 740-3000 Mon-Fri 8am-6pm (Pacific), email [HelpDesk@marshall.usc.edu](mailto:HelpDesk@marshall.usc.edu), or use our self-help service portal as shown below. The portal allows you to get immediate assistance by searching for the information you need. You can also use it to chat with a technician or input a request. To access the service portal, follow these steps:
  - On a computer or mobile device, go to [MyMarshall Home Page](#) and click the “Help” link on the upper right.
  - Log in using your Marshall username and password.  
(If you don’t know your Marshall login please follow the onscreen instructions pertaining to login issues)

If your computer does not have Microsoft Word, Office 365 package is available to you free of charge and allows you to install Word, Excel, PowerPoint, Outlook, OneNote, Publisher, and Access on up to 5 PCs or Macs and Office apps on other mobile devices including tablets. Office 365 also includes unlimited cloud storage on OneDrive. To download Office 365 log into your student (University) email through a web browser, choose Settings (top right corner), and select software. If you have further questions or need help with the software, please contact the USC ITS service portal.

### **Recommended Materials**

There is no required textbook for this class. The lecture slides are self-contained and all homework exercises will be provided. For those students that desire additional material, I recommend two resources:

1. Professor Tony Marino, who also teaches this course, has developed his own text, “Microeconomics for Business Decisions”. It can be accessed for free here: <http://faculty.marshall.usc.edu/Anthony-Marino/>. I will provide the pdf password in class. Please do not distribute the text or password to anyone that is not an Econ 351 student.
2. Microeconomics for Business (Fourth Custom Edition for USC). This book was custom made for our class. It contains 15 chapters from the book Microeconomics by Pindyck and

Rubinfeld and 3 chapters from the book Microeconomics by Hubbard and O'Brien. Some of the material in the slides specifically references this text. If you buy this text, it may come with a subscription to MyEconLab, but we will not be using it. Recent versions of the Pindyck and Rubinfeld text (7<sup>th</sup> or later) would also be a suitable resource.

### **Prerequisites and/or Recommended Preparation:**

Although our focus will be on the intuition behind the microeconomic models and their real world consequences, the use of mathematics (in particular, algebra and calculus) is fundamental to analyzing and understanding such models. For example, you may be asked to draw and interpret graphs representing demand and supply, to solve a system of equations describing a competitive market, or to compute the derivative of a profit function. MATH 118 is a prerequisite for ECON 351x. Therefore, I expect students to have a good understanding of the material covered in that class.

### **Teaching Assistant:**

We are fortunate to have Joy Zhu as our teaching assistant for the course. She was one of the best students in the course two years ago and an outstanding teaching assistant for the course last year. She will hold office hours in addition to mine. Her office hours will be provided in the first week of class. She can be reached at [joyzhu@usc.edu](mailto:joyzhu@usc.edu).

### **Grading Policies:**

Grades will be assigned according to the following weights:

Participation	5%
Homework	15%
Midterm	40%
Final Exam	40%

The 5% of your grade will be determined based on your choice of one of the following options. I strongly encourage all students to use option 1. Option 2 is intended only for those students that have legitimate reasons for missing lectures.

OPTION 1	OPTION 2
Attend lecture at the regularly scheduled time, having watched the pre-recorded material and done the homework. Participate in discussions and answer questions.	<p>Write a one-page (double-spaced) summary of what you learned from watching the recording of the live discussion that you missed.</p> <p>Complete this writing assignment for <b>every online discussion that you do not attend</b>. In order to earn full participation points, you must complete the assignment in its entirety, and submit it by no later than Sunday 11:59pm PT following the class session(s) you will not be attending.</p> <p>Each assignment takes no more than 2 hours to complete (same amount of time you'd spend in class).</p> <p>If you will not be attending any of the lectures, you will have to complete the writing assignment for <b>each</b> of the lectures in order to earn full participation points. <i>Please email me asap if you select this option.</i></p>

Exam Dates:

Midterm	Oct.1
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Final Exam
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**You are responsible for checking the exam schedule at:**

<https://classes.usc.edu/term-20203/finals/>

**The schedule can be confusing so double and triple check the date and time!**

In **rare** occasions, the dates of the exams might need to be changed. In that case, I will notify students through Blackboard as soon as possible.

*University policy requires the final exam to be given at the time indicated by the University's final exam schedule. Instructors **do not** have discretion to grant exceptions to this policy. No student is allowed to take the final exam earlier, to take it with a different section, or to skip it.*

**There will be no make-up tests.** By enrolling in the course you are committing to take the exams (midterm) on the scheduled dates. If an exam is missed for an approved reason, the weight of all other components will be increased proportionately to compensate for the missed exam. Approval for a missed exam will be **rare**, and only with appropriate written documentation from an authoritative source indicating why the student was unable to appear for the exam. Normally, only a doctor's certification of a severe medical problem will suffice.

The midterm covers the first half of the course. The final exam is **NOT cumulative** in the sense that you will not be asked questions on the final directly pertaining to the topics from the first half of the course. **However**, the second half of the course builds upon the first half, so there will be concepts and technical skills from the first half that you must understand to be able to complete the final exam.

Regrades must be requested within one week of the day the exam was returned to the class. The student must submit a written and precise explanation of why he/she thinks the grade should be modified. The entire exam will be regraded and the final mark may go up or down.

I will **not**, under any circumstances, provide work for extra credit because it is unfair to the other students. The only way to obtain course credit is through participating, homework and the exams.

Letter grades represent how you perform in the class at an absolute level and relative to other students. Your grade will not be based on a mandated target, but on your performance. Historically, the average grade for this class is about a (B). Three items are considered when assigning final grades:

1. Your average weighted score on the exams (as specified previously).
2. The overall average weighted score within the class.
3. Your ranking among all students in the class.

In the past, students with grades below 60% received either a D or an F (below 50%) in the course. Students with grades between 60% and 70% received a C, 70% and 80% a B, and above 80% an A. However, I emphasize again that these are only **rough guidelines** – grades will be determined as specified above.

### **ADDITIONAL INFORMATION**

### **Add/Drop Process**

Most Marshall classes are open enrollment (R-clearance) through the Add deadline. If there is an open seat, you can add the class using Web Registration. If the class is full, you will need to continue checking Web Registration or the *Schedule of Classes* (classes.usc.edu) to see if a space becomes available. Students who do not attend the first two class sessions (for classes that meet twice per week) or the first class meeting (for classes that meet once per week) may be dropped from the course. There are no formal wait lists for Marshall undergraduate courses, and professors cannot add students or increase the course capacity. If all sections of the course are full, you can add your name to an interest list by contacting the Office of Undergraduate Advising & Student Affairs; if new seats or sections are added, students on the interest list will be notified.

The last day to add the class or withdraw without receiving a “W” (and receive a refund) is Friday, Sept.4, 2020. The last day to drop with a mark of a “W” (no refund) is Friday, Nov.4, 2020.

### **Retention of Graded Coursework**

Final exams and all other graded work which affected the course grade will be retained for one year after the end of the course *if* the graded work has not been returned to the student. If I return a graded paper to you, it is your responsibility to file it.

### **Technology Policy**

Students are expected to have cameras on during the live sessions. Please advise me if you have circumstances under which you will not be able to meet these expectations.

Use of the recorded or distributed material is reserved exclusively for the USC students registered in this class.

During synchronous Zoom sessions, the following netiquette is expected, as if you were in a physical classroom.

1. Please do:
  - a. Log into class early or promptly
  - b. Arrange to attend class where there is a reliable internet connection and without distractions
  - c. Dress respectfully. Video conference business meetings are and will be the norm, so practice your professional telepresence.
  - d. If you use a virtual background, please keep it respectfully professional.
  - e. Display both your first and last name during video conferencing and synchronous class meetings.
  - f. Respectfully minimize distractions by muting and or turning off video if necessary and when appropriate.
  - g. Engage in appropriate tone and language with instructors and classmates.
2. Please try not to:
  - a. Engage in a simultaneous activity not related to the class.
  - b. Interact with persons who are not part of the class during the class session.
  - c. Leave frequently or not be on camera for extended periods of time.
  - d. Have other persons or pets in view of the camera.

All Zoom sessions will be recorded and posted in the Blackboard Course pages.

### **Academic Conduct:**

Students are expected to make themselves aware of and abide by the University community's standards of behavior as articulated in the [Student Conduct Code](#). Plagiarism – presenting someone else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, "Behavior Violating University Standards" <https://policy.usc.edu/scampus-part-b/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

### **Support Systems:**

*Counseling and Mental Health - (213) 740-9355– 24/7 on call*

<https://studenthealth.usc.edu/counseling/>

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

*National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call*

[suicidepreventionlifeline.org](https://suicidepreventionlifeline.org)

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

*Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press "0" after hours – 24/7 on call*

<https://studenthealth.usc.edu/sexual-assault/>

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

*Office of Equity and Diversity (OED)- (213) 740-5086 | Title IX – (213) 821-8298*

[equity.usc.edu](https://equity.usc.edu), [titleix.usc.edu](https://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

*Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298*

[https://usc-advocate.symplicity.com/care\\_report/](https://usc-advocate.symplicity.com/care_report/)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

*The Office of Disability Services and Programs - (213) 740-0776*

[dsp.usc.edu](https://dsp.usc.edu)

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](https://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30

a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: [ability@usc.edu](mailto:ability@usc.edu).

*USC Campus Support and Intervention - (213) 821-4710*

<https://uscsa.usc.edu/>

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity at USC - (213) 740-2101*

[diversity.usc.edu](http://diversity.usc.edu)

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call*

[dps.usc.edu](http://dps.usc.edu), [emergency.usc.edu](http://emergency.usc.edu)

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call*

[dps.usc.edu](http://dps.usc.edu) Non-emergency assistance or information.

### **Emergency Preparedness/Course Continuity**

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Blackboard learning management system ([blackboard.usc.edu](http://blackboard.usc.edu)), teleconferencing, and other technologies.



### Course Calendar/Readings

	<b>Topics/ Daily Activities</b>	<b>Prof. Marino's Lecture Notes Reference</b>	<b>Microeconomics for Business Chapter</b>
<b>Week 1</b> Aug.17	Introduction/Key Ideas/ Math Review  Theory of the Firm: Production Functions	Chapter 2  Chapters 6	Chapter 1  Chapters 8
<b>Week 2</b> Aug.24	Theory of the Firm: Optimization	Chapters 7,8	Chapters 9,10
<b>Week 3</b> Aug.31	Consumer Theory	Chapter 3	Chapters 5,6
<b>Week 4</b> Sep.7	Market Equilibrium	Chapter 1.3,8.5	Chapters 4, 11
<b>Week 5</b> Sep.14	Market Power	Chapter 9	Chapter 12
<b>Week 6</b> Sep.21	Price Discrimination	Chapter 10	Chapter 13
<b>Week 7</b> Sep.28	Midterm Review  <b>** MIDTERM</b> Oct.1	Midterm covers all material to date	Midterm covers all material to date
<b>Week 8</b> Oct.5	Uncertainty	Chapter 5	Chapter 7
<b>Week 9</b> Oct.12	Game Theory in Business I	Chapter 12, 11.3	Chapters 15, 14.2
<b>Week 10</b> Oct.19	Game Theory in Business II	Chapter 12, 11.3	Chapter 15
<b>Week 11</b> Oct.26	Asymmetric Information	Chapter 13	Chapter 17
<b>Week 12</b> Nov.2	Optimal Incentives	Chapter 13	Chapter 17
<b>Week 13</b> Nov.9	Final Review		
<b>FINAL</b> Nov.17-24	<b>** FINAL EXAM</b>	Final covers all material covered after the Midterm	Final covers all material covered after the Midterm

### 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	Marshall Program Learning Goal	Course Objectives that support this goal
<b>1</b>	<p><b>Our graduates will demonstrate critical thinking skills so as to become future-oriented decision makers, problem solvers and innovators.</b> Specifically, students will:</p> <p>1.1 Students will understand the concepts of critical thinking, entrepreneurial thinking and creative thinking as drivers of innovative ideas (not explicit for this course).</p> <p>1.2 Critically analyze concepts, theories and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others and translating them to the real world.</p> <p>1.3 Be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems.</p> <p>1.4 Demonstrate the ability to anticipate, identify and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies.</p> <p>1.5 Students will demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking.</p>	<b>1-4, 7-8</b>
<b>2</b>	<p><b>Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21<sup>st</sup> century's evolving work and organizational structures.</b> Specifically, students will:</p> <p>2.1 Students will recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors)</p> <p>2.2 Students will recognize, understand and analyze the roles, responsibilities and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.</p> <p>2.3 Students will understand factors that contribute to effective teamwork including how to elicit, manage and leverage diverse perspectives and competencies.</p>	<b>8</b>
<b>3</b>	<p><b>Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts.</b> Specifically, students will:</p> <p>3.1 Identify and assess diverse personal and organizational communication goals and audience information needs.</p> <p>3.2 Understand individual and group communications patterns and dynamics in organizations and other professional contexts.</p> <p>3.3 Demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts.</p>	<b>5</b>
<b>4</b>	<p><b>Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society.</b> Specifically, students will:</p> <p>4.1 Understand professional codes of conduct.</p> <p>4.2 Recognize ethical challenges in business situations and assess appropriate courses of action.</p>	<b>8</b>
<b>5</b>	<p><b>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 so as to anticipate new opportunities in any marketplace.</b> Specifically, students will:</p> <p>5.1 Understand how local, regional and global markets interact and are impacted by economic, social and cultural factors.</p> <p>5.2 Understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor) and business practices vary across regions of the world.</p>	<b>1</b>

<p><b>6</b></p>	<p><b>Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises.</b> Specifically, students will:</p> <p>6.1 Demonstrate foundational knowledge of core business disciplines, including business analytics and business economics.</p> <p>6.2 Understand the interrelationships between functional areas of business so as to develop a general perspective on business management.</p> <p>6.3 Apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor and labor markets).</p> <p>6.4 Show the ability to utilize technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices.</p>	<p><b>1-8</b></p>
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