

USC Marshall School of Business

Econ 351 – Microeconomics for Business

Syllabus – Fall 2021

Lecture times and locations:

Wed 10:00-11:50am – LL125 (26007R)

Wed 12:00-1:50pm – LL125 (26000R)

Wed 4:00-5:50pm - LL125 (26308R)

Wed 6:00-7:50pm – LL105 (26348R)

Professor: Chad Kendall

Office: HOH 805

Office Phone: 213-740-7804

Office Hours: Tues 1:30-3:30pm

E-mail: 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.

Required Materials

We will use the lecture notes "Microeconomics for Business," by Odilon Câmara and Anthony Marino. You can download the pdf from Blackboard (<http://blackboard.usc.edu>). There is no printed version of this book, only the electronic version. This is the most important reading material for this class. Throughout this syllabus, whenever I refer to a chapter number, I am referring to the chapter number of these lecture notes.

During the semester, I will continue to upload to Blackboard other pdf files with additional required material (practice questions, etc.).

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.

Course Delivery

The course will be delivered following a "flipped" format. In this format, half of the material will be delivered via pre-recorded material. The other half will be delivered in person.

The pre-recorded material will present the main concepts. In-person 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.

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

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.

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 three years ago and an outstanding teaching assistant for me for the last two years. She will hold office hours in addition to mine. Her office hours will be held on Zoom (<https://usc.zoom.us/j/95355751651?pwd=cjJjemY3dHARCjU0Q0VJU09JbFIVZz09>) at the following times:

Mon: 7:00pm
Tues: 6:00pm
She can be reached at joyzhu@usc.edu.

Grading Policies

Grades will be assigned according to the following weights:

Homework	25%
First Midterm	25%
Second Midterm	25%
Final Exam	25%

Exam Dates:

First Midterm	Sept.29
Second Midterm	Nov.3
Final Exam	

You are responsible for checking the exam schedule at:
<https://classes.usc.edu/term-20213/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.*

Makeup Tests - There will be no make-up tests. By enrolling in the course you are committing to take the midterms and final 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.

Exams - The three exams (the two midterms and the final) are not cumulative. Each exam will only directly test the subject matter covered after the previous exam. Note, however, that some material builds on previous material. For all exams, you are responsible for the material assigned from the lecture notes, the asynchronous material delivered by the videos and any subject covered during the synchronous sections. The exams are intended to assess how well students understand the basic ideas and principles. I currently plan to hold the exams in-person in regular scheduled class time. However, I may have to move the exams online to Blackboard if I have one or more students that cannot attend in-person classes this fall.

Homework - We will have graded homework assignments for most chapters. Each graded homework will be completed via Blackboard. At the end of the semester, your homework grade will be the average grade that you received across the graded assignments. The goal of each homework is to check your understanding of the asynchronous material due each week.

It is critical for students to watch the videos and complete the homework before the synchronous class. With this goal in mind, the weekly homework will be due on Tuesdays at 11:59pm. It is your responsibility to watch the videos and work on the homework early, to meet this deadline. I will only accept late homework in rare circumstances.

Extra credit - 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 the homework and exams.

Letter Grades - Each course requirement receives a numerical score but not a letter grade. The overall numerical score in the course is converted into a letter grade at the end of the semester in accordance with the Marshall School guidelines. Letter grades represent how you perform in the class relative to other students. The average grade for this class is expected to average about 3.3 (corresponding to a B+). Two items are considered when assigning letter grades:

1. Your percentage as the sum of percentages obtained in the homework and exams.
2. 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.

Collaboration Policy

Students are permitted and encouraged to discuss their ideas with each other. Homework may be done with others, but I must emphasize that you will not do well in the course if you simply copy the answers from other students.

Exams must be completed individually and independently. Students may not post anything related to the exams outside of Blackboard. Failure to abide by the above guidelines may constitute a case of suspected plagiarism or cheating, which will be reported and investigated. Please see the “Academic Integrity and Conduct” section below for further details. For more information about unauthorized collaboration, visit <https://libraries.usc.edu/tutorial/academic-dishonesty> or http://lib-php.usc.edu/tutorials/academic-dishonesty/story_html5.html.

Evaluation of Your Work

You may regard each of your submissions as an “exam” in which you apply what you’ve learned according to the assignment. I will do my best to make my expectations for the various assignments clear and to evaluate them as fairly and objectively as I can. If you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the assignment is returned to you, write me a memo in which you request that I re-evaluate the assignment. Explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

ADDITIONAL INFORMATION

Technology Requirements

Online lecture materials will be provided in Blackboard. Therefore, you must have access to the Internet to view/hear lectures. No special software is required.

The lecture presentations, links to articles, assignments, etc. are located on Blackboard. To participate in learning activities and complete assignments, you will need:

- Access to a working computer that has a current operating system with updates installed, plus speakers or headphones to hear lecture presentations.
- Reliable Internet access and a USC email account.
- A current Internet browser that is compatible with Blackboard (Google Chrome is the recommended browser for Blackboard)

Class Conduct/Netiquette

Professionalism will be expected at all times. Because the university classroom is a place designed for the free exchange of ideas, we must show respect for one another in all circumstances. We will show respect for one another by exhibiting patience, courtesy, and professionalism in our exchanges. Appropriate language and restraint from verbal attacks upon those whose perspectives differ from your own is a requirement. Courtesy and kindness are the norm for those who participate in my class.

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.10, 2021. The last day to drop with a mark of a “W” (no refund) is Friday, Nov.12, 2021.

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

I do not mind if students use their laptops in the classroom because I know some prefer to take notes this way. However, if a student is not using their laptop for educational purposes, and in particular they are distracting other students, I will ask them to close their laptop for the remainder of the class.

Use of Recordings

Pursuant to the USC Student Handbook (www.usc.edu/scampus, Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by individuals registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

Academic Conduct

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” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on [Research and Scholarship Misconduct](#).

Students and Disability Accommodations

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems

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

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
studenthealth.usc.edu/sexual-assault

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

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086
eeotix.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
usc-advocate.symplicity.com/care_report

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

The Office of Student Accessibility Services (OSAS) - (213) 740-0776
osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

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

campussupport.usc.edu

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

Diversity, Equity and Inclusion - (213) 740-2101

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, 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

Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu

chan.usc.edu/otfp

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

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), teleconferencing, and other technologies.

Course Calendar/Readings

Weeks	Topic	Activities/Assignments	Homework Due Date
Week 1: In-person class on Aug.25	Chapter 1: Introduction and Chapter 2: Math Review	<ul style="list-style-type: none"> • Read the syllabus • View Chapter 2 videos (there are no videos for Chapter 1) • Read Chapters 1 and 2 • Complete the math self-assessment on Blackboard 	None
Week 2: In-person class on Sept.1	Chapter 3: Production Choices	<ul style="list-style-type: none"> • View Chapter 3 videos • Read Chapter 3 • Complete the Chapter 3 homework on Blackboard 	Aug.31
Week 3: In-person class on Sept.8	Chapter 4: Consumption Choices	<ul style="list-style-type: none"> • View Chapter 4 videos • Read Chapter 4 • Complete the Chapter 4 homework on Blackboard 	Sept.7
Week 4: In-person class on Sept.15	Chapter 5: Market Equilibrium	<ul style="list-style-type: none"> • View Chapter 5 videos • Read Chapter 5 • Complete the Chapter 5 homework on Blackboard 	Sept.14
Week 5: In-person class on Sept.22	Chapter 6: Monopoly	<ul style="list-style-type: none"> • View Chapter 6 videos • Read Chapter 6 • Complete the Chapter 6 homework on Blackboard 	Sept.21
Week 6: Midterm 1 on Sept.29	EXAM MID-1	<p>First Midterm on Sept.29</p> <p>Midterm covers Chapters 2 to 5</p> <p>(Chapter 6 is only covered in the second midterm)</p>	None

Weeks	Topic	Activities/Assignments	Homework Due Date
Week 7: In-person class on Oct.6	Chapter 7: Price Discrimination	<ul style="list-style-type: none"> • View Chapter 7 videos • Read Chapter 7 • Complete the Chapter 7 homework on Blackboard 	Oct.5
Week 8: In-person class on Oct.13	Chapter 8: Uncertainty	<ul style="list-style-type: none"> • View Chapter 8 videos • Read Chapter 8 • Complete the Chapter 8 homework on Blackboard 	Oct.12
Week 9: In-person class on Oct.20	Chapter 9: Game Theory Part 1 – Static Games	<ul style="list-style-type: none"> • View Chapter 9 videos • Read Chapter 9 • Complete the Chapter 9 homework on Blackboard 	Oct.19
Week 10: In-person class on Oct.27	Chapter 10: Game Theory Part 2 – Dynamic Games	<ul style="list-style-type: none"> • View Chapter 10 videos • Read Chapter 10 • Complete the Chapter 10 homework on Blackboard 	Oct.26
Week 11: Midterm 2 on Nov.3	EXAM MID-2	<p>Second Midterm on Nov.3</p> <p>Midterm covers Chapters 6 to 9</p> <p>(Chapter 10 is only covered in the final exam)</p>	None
Week 12: In-person class on Nov.10	Chapter 11: Asymmetric Information	<ul style="list-style-type: none"> • View Chapter 11 videos • Read Chapter 11 • Complete the Chapter 11 homework on Blackboard 	Nov.9
Week 13: In-person class on Nov.17	Chapter 12: Incentives and Contracts	<ul style="list-style-type: none"> • View Chapter 12 videos • Read Chapter 12 	Nov.16

Weeks	Topic	Activities/Assignments	Homework Due Date
		<ul style="list-style-type: none"> • Complete the Chapter 12 homework on Blackboard 	
Week 14: Thanksgiving	Thanksgiving	Because of Thanksgiving, we do not have homework and there is no synchronous meeting this week	None
Week 15: In-person class on Dec.1	Chapter 13: Externalities and Public Goods	<ul style="list-style-type: none"> • View Chapter 13 videos • Read Chapter 13 • Complete the Chapter 13 homework on Blackboard 	Nov.30
Final Exam:		Final exam covers Chapters 10 to 13.	None

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
1	<p>Our graduates will demonstrate critical thinking skills so as to become future-oriented decision makers, problem solvers and innovators. 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>	1-4, 7-8
2	<p>Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21st century's evolving work and organizational structures. 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>	8
3	<p>Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts. 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>	5
4	<p>Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society. 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>	8

<p>5</p>	<p>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. 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>	<p>1</p>
<p>6</p>	<p>Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises. 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>1-8</p>