

Econ 351 – Microeconomics for Business

Syllabus – Fall 2023

Mon/Wed 2:00-3:50pm – JFF LL125 (26308R)

Mon/Wed 4:00-5:50pm – JFF LL125 (26310R)

Mon/Wed 6:00-7:50pm – JFF LL125 (26345R)

Professor: Chad Kendall

Office: HOH 816

Office Phone: 213-740-7804

Office Hours: Mon 10:30-11:30 (in HOH805)

Tues 2:00-3:00, on Zoom:

<https://usc.zoom.us/j/98347304390>

E-mail: chadkend@marshall.usc.edu

Course Administrator: Marc Choueiti

Email: econ351@marshall.usc.edu

Phone: 213-821-0915

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

This course meets in-person twice a week – it is NOT flipped. I will not be providing videos and will expect you to attend class.

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 Ty Keough as our teaching assistant for the course. He was one of the best students in the course last year. He will hold office hours in addition to mine. His office hours will be held on Zoom starting in the second week:

<https://usc.zoom.us/my/tkeough>

Mon: 4:00-5:00pm

Tues: 5:00-6:00pm

He can be reached at tkeough@usc.edu.

Grading Policies

Grades will be assigned according to the following weights:

Homework	10%
First Midterm	30%
Second Midterm	30%
Final Exam	30%

Exam Dates:

First Midterm	Sept.27
Second Midterm	Nov.1
Final Exam 2:00pm section – Dec.8, 2:00pm 4:00pm section – Dec.6, 4:30pm 6:00pm section – Dec.6, 7:00pm	
You can view the exam schedule at: https://classes.usc.edu/term-20233/finals/	

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.*

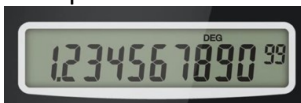
Makeup Tests - There will be no make-up tests. By enrolling in the course you are committing to take the midterms and final on the scheduled dates. If an exam is missed for an approved reason, the weight for that exam will be shifted to the other exams (i.e. so that the other exams will be worth 45% each). 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 as I will make clear in class. Anything that is covered in class or the homework is fair game for the exams. If there is something in the text I did not cover, you will not be asked about it.

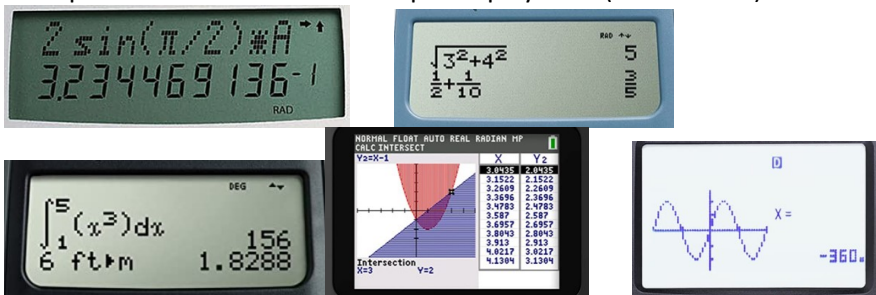
I will provide a formula sheet with each exam, which I will distribute in the week prior to the exam so you know what formulas are on it. No other formula sheets are allowed.

Students must bring their own calculator to every exam. The calculator must be a basic calculator or a simple scientific calculator, in the sense that it only has one display line (see examples below). Graphing calculators are not allowed. The calculator cannot have the capability of storing data; that is, it cannot have a memory to store equations and/or text. Even if the student is not using the calculator's memory, this type of calculator cannot be used during the exams. The calculator cannot have the capability of accessing the Internet, and it cannot have any other smartphone-type features, such as wireless, Bluetooth, cellular, audio/video recording and playing, camera. Students cannot use their cellphones as a calculator during exams. Students cannot share a calculator during the exam.

Example of a calculator with one display line (allowed):



Examples of calculators with multiple display lines (not allowed)



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 material each week.

The weekly homework will be due on Tuesdays at 11:59pm. The idea is that we will cover the material on Mondays. Then you will do the homework so that we can have discussions on Wednesdays, having already become familiar with the material. 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 (for non-quiz/exam assignments)

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.

Since creating, analytical, and critical thinking skills are part of the learning outcomes of this course, all assignments should be prepared by the student working individually or in groups. Students may not have another person or entity complete any substantive portion of the assignment. Developing strong competencies in these areas will prepare you for a competitive workplace. Therefore, using AI-generated tools is prohibited in this course, will be identified as plagiarism, and will be reported to the Office of Academic Integrity.

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 materials (homework, etc) will be provided in Blackboard. Therefore, you must have access to the Internet. No special software is required. You will need a current Internet browser that is compatible with Blackboard (Google Chrome is the recommended browser for Blackboard)

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.8, 2023. The last day to drop with a mark of a “W” (no refund) is Friday, Nov.10, 2023.

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.

Open Expression and Respect for All

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one’s beliefs. In this course we will support the values articulated in the USC Marshall Open Expression Statement : <https://www.marshall.usc.edu/open-expression-statement>

Academic Integrity:

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university’s mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or “recycle” work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

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

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

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

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

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 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) 740-0411

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

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

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) 442-1200 – 24/7 on call

Non-emergency assistance or information.

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

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) 442-2850 or otfp@med.usc.edu

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: Aug.21/23	Chapter 1: Introduction and Chapter 2: Math Review	<ul style="list-style-type: none"> • Read the syllabus • Read Chapters 1 and 2 • Complete the math self-assessment on Blackboard 	None
Week 2: Aug.28/Aug.30	Chapter 3: Production Choices Part I	<ul style="list-style-type: none"> • Read Chapter 3 (up to 3.4.5) • Complete the homework on Blackboard 	Aug.29
Week 3: Sept.6	Chapter 3: Production Choices Part II	<ul style="list-style-type: none"> • Read Chapter 3 (from 3.4.6) • Complete the homework on Blackboard 	Sept.7** Due on Thurs due to holiday
Week 4: Sept.11/13	Chapter 4: Consumption Choices	<ul style="list-style-type: none"> • Read Chapter 4 • Complete the homework on Blackboard 	Sept.12
Week 5: Sept.18/20	Chapter 5: Market Equilibrium	<ul style="list-style-type: none"> • Read Chapter 5 • Complete the homework on Blackboard 	Sept.19
Week 6: Sept.25/27	EXAM MID-1	Review on Sept.25 First Midterm on Sept.27 Midterm covers Chapters 3 to 5	None
Week 7: Oct.2/4	Chapter 13: Market Externalities and Public Goods	<ul style="list-style-type: none"> • Read Chapter 13 • Complete the homework on Blackboard 	Oct.3
Week 8: Oct.9/11	Chapter 6: Monopoly	<ul style="list-style-type: none"> • Read Chapter 6 • Complete the homework on Blackboard 	Oct.10

Weeks	Topic	Activities/Assignments	Homework Due Date
Week 9: Oct.16/18	Chapter 7: Price Discriminati on	<ul style="list-style-type: none"> • Read Chapter 7 • Complete the homework on Blackboard 	Oct.17
Week 10: Oct.23/25	Chapter 8: Uncertainty	<ul style="list-style-type: none"> • Read Chapter 8 • Complete the homework on Blackboard 	Oct.24
Week 11: Oct.30/Nov.1	EXAM MID-2	<p>Review on Oct.30 Second Midterm on Nov.1</p> <p>Midterm covers Chapters 13,6,7, and 8</p>	None
Week 12: Nov.6/8	Chapter 9: Game Theory I – Static Games	<ul style="list-style-type: none"> • Read Chapter 9 • Complete the homework on Blackboard 	Nov.7
Week 13: Nov.13/15	Chapter 10: Game Theory II – Dynamic Games	<ul style="list-style-type: none"> • Read Chapter 10 • Complete the homework on Blackboard 	Nov.14
Week 14: Nov.20	Chapter 11: Asymmetric Information	<ul style="list-style-type: none"> • Read Chapter 11 • Complete the homework on Blackboard <p>Nov.22 is Thanksgiving Break</p>	Nov.21
Week 15: Nov.27/29	Chapter 12: Incentives and Contracts	<ul style="list-style-type: none"> • Read Chapter 12 • Complete the homework on Blackboard 	Nov.28
Final Exam:		Final exam covers Chapters 9 to 12.	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>