

USC Marshall

School of Business

ECON 351: Microeconomics for Business

Spring 2017

Location: THH 208

Day & Time: TTh 2:00-3:50pm

Section Number: 26354R

Professor:	Rahşan Akbulut
Office:	HOH 223
Office hours:	TTh 11:00am -12:30pm, or by appointment
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Course Description

Economic analysis is a cornerstone of fundamental decision making in virtually all areas of business. 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 industrial 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.

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.

Required Course Material:

The required textbook for this course is *Microeconomics for Business*, a USC Custom Edition. Most chapters of this book are taken from the textbook *Microeconomics* (8th edition) by Pindyck and Rubinfeld, a few chapters are from *Microeconomics* (5th Edition) by Hubbard and O’Brien.

ISBN: 9781323581681

The custom text is bundled with a MyEconLab Student Access Code Card. MyEconLab (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.** Each topic has a homework assignment associated with it. 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. Detailed MEL registration and course enrollment information is provided at the end of the syllabus.

Course Notes:

Power point slides of the lectures and other course material (notes, articles, some assignments etc.) 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. **It is very important that you attend all classes.**

Technology Requirements:

Besides access to MyEconLab and Blackboard, you will also need access to Microsoft Excel software. You do not have to have prior knowledge of Excel. We will have an assignment that will allow you to acquire some basic Excel skills.

Expectations:

Students are expected to come prepared to discuss the reading assignment for each respective class period. I might call on them. The class period will typically be taken up with lecture, but discussion and student questions are very much encouraged. If I feel that a question leads us too far afield and would better be discussed outside of class, I'll say so. Otherwise, interaction among students and between students and me is encouraged.

<u>Grading Policies:</u>	Participation	5 %
	Group Presentations	10 %
	Assignments (MEL and Excel)	15 %
	Midterm 1 & 2	40 %
	Final	30 %

Participation: Attendance is critical. You will be evaluated on your participation in class discussions and activities.

Group Presentations: I will post a list of topics and presentation dates on Blackboard, and ask you to sign up as groups of 5-6 students. Details will be provided later in the semester.

Assignments: Most assignment will be done online on **MyEconLab (MEL)**. There will be assignments for every chapter. Some of them will be "Practice Assignments" and some "Graded Assignments". Only the graded ones will have due dates and will count towards your course grade. You will get instant feedback on your answers. If your answer is wrong, you will be able to reattempt the question. There is a limit of 3 attempts per question. Late work will not be graded, no matter what the excuse is. But I will drop your lowest score on the graded MyEconLab assignments. You will also be given an assignment that will require the use of Microsoft Excel.

Midterm Exams: The first midterm exam will be on **Tuesday, February 14h**, during scheduled class time. It will test material covered up to the exam. The second midterm exam will be on **Thursday, March 30th**, during scheduled class time. It will test material covered after the first midterm. The weight of your midterm with the higher score will be 25% and that of the other one 15%. **No midterm makeup will be given.** In case of proven medical emergencies, the weight of the midterm will be added to the final exam.

Final Exam: The final exam will be on **Thursday, May 4th, at 2:00 - 4:00 pm**. It will be comprehensive. No makeup exams will be given, except for proven medical emergencies.

All exams will be closed book and notes.

Grade Appeals: If you are not satisfied with your grade on an exam, you can appeal to me in writing, within one week after the exam is handed out.

Class Etiquette:

This is a large class and I need your cooperation in ensuring orderly conduct of the lectures.

- **No laptop or tablet computers** should be used during class time.
- Please turn your cell phones off before we start our class.
- Please arrive on time. If you are going to be late on a particular day, for a valid reason, please let me know in advance.
- If you have to leave early on a particular day, for a valid reason, please let me know in advance; also, try to find a seat near an aisle to minimize disruption to others.

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, ECON 352x, and BUAD 306. 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 details on tutoring for ECON 351 and the schedule, see <http://students.marshall.usc.edu/undergrad/marshall-peer-tutoring-program/> or contact the Marshall Office of Undergraduate Advising in JFF-201, by phone 213-740-0690, or email undergrad.advising@marshall.usc.edu.

Statement on Academic Integrity:

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by the principles discussed in the *SCampus*, the Student Guidebook (www.usc.edu/scampus or <http://scampus.usc.edu>). A discussion of plagiarism appears in the University Student Conduct Code (section 11.00 and Appendix A).

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct

standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://dps.usc.edu/contact/report/>. This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report or can initiate the report on behalf of another person. *Relationship and Sexual Violence Prevention and Services* (RSVP) <https://engemannshc.usc.edu/rsvp/> provides 24/7 confidential support, and the sexual assault resource center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

Support Systems:

Students whose primary language is not English should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. *The Office of Disability Services and Programs* (www.usc.edu/disability) provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, *USC Emergency Information* (<http://emergency.usc.edu/>) will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

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 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.

Class Notes Policy

It is a violation of USC's Academic Integrity Policies to share course materials with others without permission. No student may record any lecture, class discussion or meeting with me without my prior express written permission. I reserve all rights, including copyright, to my lectures, course syllabi, slides, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with DSP and me.

Course Outline: ¹

Lect.	Date	Topic / Activities	Readings²	Deliverables
1.	1/10	Intro: Foundations and Models	1 +Appendix	
2.	1/12	Trade-offs, Comparative Advantage, and the Market System	2	
3.	1/17	Comparative Advantage and the Gains from International Trade	3.1, 3.2, 3.3, 3.5	
4.	1/19	Supply and Demand	4.1- 4.5, 4.7	
5.	1/24	Supply and Demand	4.1- 4.5, 4.7	
6.	1/26	Consumer Behavior	5.1- 5.3, 5.5	
7.	1/31	Consumer Behavior	5.1- 5.3, 5.5	
8.	2/2	Demand, Behavioral Economics	6.3, 7.6	
9.	2/7	Uncertainty	7.1-7.3	Presentation #1
10.	2/9	Uncertainty	7.1-7.3	Presentation #2
11.	2/14	Midterm 1		
12.	2/16	Asymmetric Information (game)	17.1- 17.4	
13.	2/21	Asymmetric Information	17.1- 17.4	Presentation #3
14.	2/23	Production	8	Presentation #4
15.	2/28	Production	8	
16.	3/2	Cost	9.1- 9.5	Presentation #5
17.	3/7	Cost	9.1- 9.5	Presentation #6
18.	3/9	Profit Max. & Competitive Supply	10	
	3/14	<i>Spring Break</i>		
	3/16	<i>Spring Break</i>		
19.	3/21	Profit Max. & Competitive Supply	10, 3.4	
20.	3/23	Perfect Competition	11	Presentation #7
21.	3/28	Perfect Competition	11	Presentation #8
22.	3/30	Midterm 2		
23.	4/4	Monopoly	12.1- 12.4, 12.7	
24.	4/6	Monopoly	12.1- 12.4, 12.7	Presentation #9
25.	4/11	Pricing	13.1- 13.4	Presentation #10
26.	4/13	Pricing	13.1- 13.4	
27.	4/18	Monopolistic Comp. & Oligopoly	14	Presentation #11
28.	4/20	Monopolistic Comp. & Oligopoly	14	Presentation #12
29.	4/25	Games and Competitive Strategy (game)	15.1-15.5, 15.7	
30.	4/27	Games and Competitive Strategy	15.1-15.5, 15.7	Presentation #13
	5/4	Final Exam 2:00 – 4:00 pm		

¹ All details in this schedule are subject to change with adequate notice.

² Notice that the first three lectures are from *Microeconomics* (4th Edition) by Hubbard and O'Brien. The rest is from *Microeconomics* (8th edition) by Pindyck and Rubinfeld. The chapter numbers in this outline refer to our custom edition.

To register for Econ 351 Spring 2017 - 2pm:

1. Go to www.pearsonmylabandmastering.com.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: [akbulut15262](#), and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
You have an account if you have ever used a Pearson MyLab & Mastering product, such as MyMathLab, MyITLab, MySpanishLab, MasteringBiology or MasteringPhysics.
 - > If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.
 - > Enter the access code that came with your textbook or was purchased separately from the bookstore.
 - > Buy access using a credit card or PayPal account.
 - > If available, get temporary access by selecting the link near the bottom of the page.
7. From the You're Done! page, select **Go To My Courses**.
8. On the My Courses page, select the course name **Econ 351 Spring 2017 - 2pm** to start your work.

To sign in later:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course name **Econ 351 Spring 2017 - 2pm** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** for **Econ 351 Spring 2017 - 2pm**.
5. Enter an access code or buy access with a credit card or PayPal account.