

MICROECONOMICS

COURSE DETAILS

Code	36254
Degree	Degree in Business Management
Mention	Business creation and management
Character	Basic Training
Year	1 st
ECTS	6

PROFESSORS

Name	Departament	Tutorials
Mateu Bartolomé, Guillermo	Economic analysis	On request depending on availability Student / Teacher. They will be placed from 15h to 17h on the teaching schedule.

SUMMARY

"Microeconomics" (2nd semester) and "Introduction to Economics" (1st semester) are complementary subjects taught in the first year of the degree course in Administración y Dirección de Empresas, mención Creación y Dirección de Empresas, Itinerario Emprendedores. (6 ECTS)

Decision-making by individual agents and their interaction in markets are the focus of study of microeconomics and are fundamental to any professional in the world of business management. The course of Microeconomics aims to study the determination of prices in markets where individual agents interact. The functioning of competitive and non-competitive markets, the strategic interdependence of firms, and the effects that the lack of information or uncertainty have on decision-making or functioning of markets are the subjects of study of this subject.

This subject provides to the student from Administración y Dirección de Empresas, mención Creación y Dirección de Empresas, Itinerario Emprendedores, fundamental notions about the operation and performance of enterprises in connection with consumers, essential for strategic decision making in the business context elements.

The contents of the course of Microeconomics are a continuation of the first contact with the basic functioning of markets made on the course of Introduction to Economics (6 ECTS, 1st year, 1st term) and is the microeconomic foundations of the course Macroeconomics (Compulsory, 6 ECTS, 2nd year, 1st term).

The economic analysis is the basis also for the estimation of models in Econometrics (Compulsory, 6 ECTS, 3rd year, 1st term).

The course of Microeconomics is divided into six topics. The first topic discusses and describes the production and costs faced by firms. The second topic examines firm and industry supply and the determination of equilibrium in perfectly competitive markets. The non-competitive market structures are in the next topics. The monopoly, discriminatory pricing practices, monopolistic competition and oligopoly are the object of topics 3, 4 and 5. Lastly, topic 6 analyzes the decisions of economic agents under asymmetric information.

PRIOR KNOWLEDGE

Relationship with other subjects of the same degree

There are no specified enrolment restrictions with other subjects of the curriculum. However, to successfully address this subject it is required a previous knowledge of the concepts introduced in the course Introductory Economics in the first term of the first year.

Other requirements

The prerequisites that the student needs to successfully address this subject are minimal: a level of basic math (solving equations with one / two unknowns variables and basic partial derivatives) and a minimal familiarity with the graphical analysis and web consultation information.

COMPETENCES

GENERAL COMPETENCES:

- Capacity for analysis and synthesis.
- Capacity for organization and planning.
- Oral and written communication in the native language.
- Ability to use English in the professional field.
- Ability to use TICS in the field of study.
- Ability to analyse and seek information from different sources.
- Capacity to solve problems.
- Ability to make decisions.
- Ability to negotiate and reconcile interests effectively.
- The ability to transmit and communicate complex ideas and approaches to both a specialist and non-specialist audiences.
- Ability to apply economic principles for the diagnosis and resolution of social problems such as immigration, discrimination and others that affect society and market.

- Capacity for teamwork.
- Criticism and self-criticism capacity.
- Manage time effectively.
- Independent learning ability.
- Adaptability to new situations.
- Creativity.
- Leadership and mobilization capabilities of others.
- Work initiative and entrepreneurship.
- Motivation for quality.
- Ability to contribute positively to the awareness of environmental and social issues, and to overcome all forms of discrimination, essential for economic development and poverty reduction.
- Ability to coordinate activities.

SPECIFIC COMPETENCES:

- Identify sources of economic information to understand economic institutions as the result and application of theoretical or formal representations about how the economy works.
- Knowing the principles of economic analysis and its application to diagnosis and troubleshooting.
- Understand the key market functioning and the effects of their different structures.
- Knowing how to perform strategic diagnosis in complex and uncertain environments, using appropriate methodologies to solve them.
- Ability to make decisions in an environment of certainty and uncertainty.
- Ability to apply analytical and mathematical methods for analysis of economic and business problems.
- Ability to communicate in formal, graphical and symbolic languages.

LEARNING OUTCOMES

As a learning output of this subject, students are expected to acquire:

- Possess sufficient microeconomic and to analyze and interpret reality from an economic perspective knowledge.
- Understanding the role of prices in the economy and the determination of these in different types of markets.
- Being able to understand the set of interactions that take place between different markets of an economic system.
- Ability to collect literature, structuring and interpreting from theoretical knowledge.

- Arguing rigorously economic views and proposals of economic policies, both written and oral.
- Being able to register the real economic problems of markets and organizations in the conceptual and abstract field of microeconomic and macroeconomic models.
- Setting clear, achievable, specific and measurable objectives.
- critically assess the magnitude and importance of the various economic problems and evaluates the advantages and disadvantages arising from possible policies designed to address them, and their impact on society.
- Work together effectively.
- Understand and analyse current issues and relevance, individually and as part of a group.
- Use analytical reasoning to raise economic problems and resolve them.

COURSE CONTENTS

1. PRODUCTION AND COST

- 1.1.- The production decisions of a firm
 - 1.2.- The Production Function: short run versus long run: variable factor productivity and returns to scale.
 - 1.3.- Measuring costs.
 - 1.4.- Cost in the short and long run. Economies and diseconomies of scale.
- Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 6. (p. 201-228) and Ch. 7 (p. 229-259).

2. PERFECTLY COMPETITIVE MARKETS

- 2.1.- Characteristics of competitive markets.
 - 2.2.- Competitive markets in the short run.
 - 2.3.- Competitive markets in the long run.
 - 2.4.- Efficiency in competitive markets.
- Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 8. (p. 279-316) and Ch. 9 (9.1, 9.2) (p. 317-327), and (9.6) (p. 345-348).

3. MARKET POWER: MONOPOLY

- 3.1.- Characteristics of monopoly.
 - 3.2.- Monopoly power
 - 3.3.- Equilibrium in the short and long run.
 - 3.4.- Social cost and price regulation.
- Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 10 (p. 357-395).

4. PRICING WITH MARKET POWER

- 4.1.- Capturing Consumer Surplus
 - 4.2.- Price discrimination
- Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 11 (p. 399-434).

5. MONOPOLISTIC COMPETITION

- 5.1.- Characteristics of monopolistic competition.
- 5.2.- Equilibrium in the short and long run.
- 5.3.- Monopolistic competition and economic efficiency.

Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 12 (p. 451-455).

6. OLIGOPOLY

- 6.1.- Characteristics of oligopoly.
- 6.2.- The Cournot model.
- 6.3.- The Stackelberg model.
- 6.4.- The Bertrand model.
- 6.5.- The prisoner's dilemma and collusion.
- 6.6.- Short introduction of game theory.

Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 12 (p. 456-482) and Ch. 13 (p. 487-509).

7. MARKETS WITH ASYMMETRIC INFORMATION

- 7.1. Basic concepts of uncertainty.
- 7.2. Adverse selection and market signaling.
- 7.3. Moral hazard.
- 7.4. Principal-Agent problem.

Basic bibliography: Pindyck & Rubinfeld 8^a ed., Ch. 17 (p. 631-656).

WORKLOAD

PRESENIAL ACTIVITIES	HOURS
Theory classes	30
Classroom practices	30
Total Presential Activities	60
NON-PRESENIAL ACTIVITIES	
Development of group work	10
Study and independent work	50
Preparing lectures	20
Attending tutorials	10
Total Non-Presential Activities	90
TOTAL	150

TEACHING METHODOLOGY

The methodology to teach the subject of Microeconomics, both in the lectures and practical classes, is pointing to combine the capacity of individual work to teamwork. More precisely, the methodology used can be described as follows:

- For lectures, the students will prepare in advance the basic readings and the main questions that arise in these readings. The lecturer will combine his explanations with the active participation of students (questions that the teacher and / or its partners can answer, resolution of brief questions raised by the lecturer, group discussion of the issues that have attracted the most interest.) It is intended that students develop both their capacity to autonomous work (work prior to class), and their ability to work together, argue and defend ideas (group discussions) and their ability to communicate orally and in writing (considering their doubts on the subject in public and / or solving the issues the lecturer may have presented to them).

- For practical classes, students will prepare in advance a set of exercises and case studies to work in the classroom. On the one hand, each student must individually prepare these tasks and, on the other hand, each week a group of students will prepare a set of exercises, readings and cases solved and discussed in the classroom for the rest of his class students. Some of the tasks to be performed will be based on the search for information on the websites of recognized institutions and press. It is intended that students develop their ability to organize forms of group work, problem solving, oral and written communication, coordination of activities and find information on reliable sources.

EVALUATION CRITERIA

The evaluation of students will be based in two pillars: continuous assessment and final synthesis test.

FIRST CALL

Continuous assessment: This part counts **40%** of the final mark.

- Participating attitude: 10%
- Individual and group exercises and experiments: 10%
- Problems and practice resolution (3 exercises): 10%
- Business case study: 10%

Synthesis tests: 60%.

Synthesis tests during the course (Quiz) (15% of the final mark):

- Synthesis test I - Quiz (from topic 1 to topic 2): 5%
- Synthesis test II - Quiz (from topic 3 to topic 5): 5%
- Synthesis test III - Quiz (from topic 6 to topic 7): 5%

Final synthesis test based on all the contents developed during the course (45% of the final mark):

- Writing synthesis test created as a final exam for Microeconomics, it includes all the contents developed during the course: 45%

It is absolutely necessary to pass the **final synthesis test** (45% of the final mark) with at least 5 points out of 10, for combining the marks with the continuous assessment and the three synthesis tests.

The final mark of Microeconomics will be calculated using the average of the synthesis tests (Synthesis tests I, II and III and final synthesis test) jointly with continuous assessment according to the specific criteria presented above. The student should reach a minimum of 5 points out of 10 to pass the subject.

Attending the courses is a mandatory constraint to reach an optimal performance of the subject. If the student reaches more than 10% of unjustified absence of the sessions will mean that the student will not qualify the corresponding part of the continuous assessment. Consequently, the maximum score the student can achieve will be obtained in the synthesis tests (60%).

Students must comply with the rules of writing, spelling and grammar in the development of their work and their evaluation tests, formal aspects will be taken into account for the evaluation process.

SECOND CALL

Continuous assessment is done at the first call, it is unrecoverable. Therefore, the note obtained during the continuous assessment of the subject will be maintained in both 1st call and 2nd call. This also applies to tests throughout the course (synthesis tests I, II and III, 15% of the final grade). The final synthesis test itself will be recoverable at the end of the semester being necessary to overcome a 5 out of 10 to be combined with the continuous assessment and the remaining synthesis tests.

Students from the second call: students who do not pass the subject during the 1st/ 2nd call, and who are not enrolled during the current course, will be registered on the course again. They will have the right to be enrolled for the 3rd and 4th call. The evaluation will be the following:

Continuous assessment during the second call counts **20%** of the final mark.

- Problems and practice resolution (3 exercises): 10%
- Business case study: 10%

Final synthesis assessment during the second call counts **80%** and is composed by the three synthesis tests (Synthesis tests I, II and III, 15% of the final mark), and the **final synthesis test** (65% of the final mark). It is necessary to overcome a 5 out of 10 to be combined with the continuous assessment and the remaining synthesis tests.

Students who enroll for the second time in the course will receive explicit instructions from the teacher about the continuous assessment.

REFERENCES

Main reference book

- Pindyck, R. S. & Rubinfeld D.L. (2013) Microeconomics, Eighth Edition, Pearson International Edition.

Spanish version below.

- Pindyck, R. S. y Rubinfeld D.L. (2013). Microeconomía, 8ª edición, Editorial Pearson Educación.

Complementary bibliography

- Frank, R. H. (2005). Microeconomía y conducta, Editorial McGraw-Hill
- Katz, M.L. y Rosen, H.L. y Morgan, W. (2007). Microeconomía intermedia, 2ª edición, Editorial McGraw Hill. Madrid.
- Krugman, P. and Wells, R. (2015). Microeconomics, Editorial Macmillan learning.
- Sexton, R.L. (2016) Exploring Microeconomics, 7th Edition (International Edition), South -Western (CENGAGE LEARNING) Editions.
- Nicholson, W. (2006). Microeconomía Intermedia y aplicaciones, 9ª edición, Editorial Thomson.
- Varian, H. (2003). Microeconomía intermedia: Un enfoque actual, 5ª edición, Antoni Bosch Ed.