

**ECON 520, Microeconomics for Business Decisions**  
(4 credit hours; course call number: 10919)

Class Schedule:	Tuesday: 6:00–8:30 pm, at Lecture Center C1
Course Website:	<a href="http://blackboard.uic.edu/">http://blackboard.uic.edu/</a>
Instructor:	Wendy Ku
Office:	2320 UH
Office hours:	Tuesday: 5:00-6:00pm, at LC C1 Thursday: 12:30-1:30pm, at 2320 UH
Office telephone:	312.413.3049
E-mail:	<a href="mailto:wku1@uic.edu">wku1@uic.edu</a>
Required textbook:	Robert Pindyck and Daniel Rubinfeld [PR], <i>Microeconomics</i> , 6th edition, Prentice Hall, 2005
Reference materials:	1. Michael Duke, Katherine Smith, L. Murphy Smith, and Lawrence C. Smith [Duke], <i>Microsoft® Excel for Microeconomics</i> , 2004 2. Valerie Suslow and Jonathon Hamilton, <i>Study Guide Microeconomics</i> , 6th edition, Prentice Hall, 2005 3. John McDonald, “ <i>Review of Basic Mathematics and Statistics for MBA Students</i> ”, available online from the MBA page at <a href="http://phd.cba.uic.edu/MathTutorial/Start.html">phd.cba.uic.edu/MathTutorial/Start.html</a> 4. Houston H. Stokes, “ <i>Class Notes for Microeconomics</i> ”, available online at <a href="http://ftp.uic.edu/pub/depts/econ/hhstokes/e520/micronotes.doc">ftp://ftp.uic.edu/pub/depts/econ/hhstokes/e520/micronotes.doc</a> 5. <i>The Wall Street Journal &amp; wsj.com</i> 6. <i>The Economist &amp; economist.com</i>

### Course Description

Microeconomics is concerned with scarcity and how to make rational choices in the face of alternatives. The goal of this course is to equip you with the necessary theoretical and analytical skills that will allow you to make reasoned choices among various alternatives. Most of the class will be conducted in a lecture and discussion format, accompanied by case studies. Additionally, students will be assigned to groups and asked to analyze a particular industry. Groups will analyze the competitive environment of a selected industry, apply economic concepts to industry pricing practices and strategic choices, and present the findings to the class.

### Prerequisites

There are no formal prerequisites for the course. However, basic Mathematics and Statistics skills are required. You may study “*Review of Basic Mathematics and Statistics for MBA Students*” written by Professor John McDonald prior to the class. Students in ECON 520 often vary considerably in terms of their background in economics. Some of you have not taken an economics course in many years, but others may have taken more than two or three courses. If you have difficulties following the textbook, you should consider using the accompanying study guide.

### Course Objectives

The course will discuss the relevant theory and illustrate this theory by showing how to solve key managerial decisions, such as:

- Recognize and evaluate the economic forces faced by consumers and firms.
- Apply economic concepts to industry analysis, such as production decisions and pricing practices by firms in different industries.
- Use economic analysis to make strategic decisions such as market entry or vertical integration.
- Structure a spreadsheet to solve quantitative problems, such as estimating and forecasting demand for a product.

After completing the course successfully, students should also be able to strengthen their research skills and the ability to communicate about economic and business issues to colleagues and potential employers.

### Course Grade

Assignments(*):	20%
Mid-term:	25%
Final Exam:	25%
Group project:	20%
Participation(**):	10%
	100%

(\*): Assignments consist of selected [PR] chapter-end questions and [Duke] Excel assignments.

(\*\*): Participation includes class attendance and discussion. I reserve the right to adjust your final grade if you miss classes exceeding 1/3 of the semester without explanations or if you make good comments in class/online.

### Exams:

Both mid-term and final exams are closed-books/notes. The mid-term exam will cover the topics introduced during 8/23-10/4. The final exam will cover the topics introduced during 10/18-11/22. Makeup exams will NOT be available. If you miss a test for a legitimate reason, such as a medical emergency, then (providing that proper documentation has been provided) your other test scores will be re-apportioned to compensate for the missed exam.

Cheating will not be tolerated. Any student caught cheating during the exams will receive zero credit and may face further disciplinary action.

### Assignments:

Students are expected to practice assigned questions. Due dates will be announced in class. Homework will be collected on time. Late submissions will result in point deduction. Solutions will be provided in class or on the Blackboard course website. Excel assignments will be accepted electronically via either Blackboard or e-mail.

### Class attendance and participation:

Students are strongly encouraged to attend class, arrive on time, and actively participate. Attendance is essential as the course is intensive and some lecture topics may not be covered by the required textbook. If you must miss a class, please inform me before the class by sending me an e-mail. Students are strongly encouraged to actively participate in class discussion and ask questions. Communicating ideas is an important part of an MBA's job, and debating among peers can often foster a more conducive learning environment.

Group project:

Students will be assigned to teams at the beginning of the semester by the instructor, taking into consideration each student's background. Any voluntary change in team members should be made and the instructor should be informed no later than the fourth week of the semester (9/13/2005). The grade on the team project will be based on two parts: (1) a written report and (2) two class presentations. At the end of the semester, students will be asked to evaluate their team members. Every member is expected to contribute equally to the group project and participate in a part of the presentation. The instructor will provide detailed instructions on the project.

Students are encouraged to utilize various research resources, such as the Wall Street Journal, Mergent Online database, WRDS database, Standard and Poor's Industry Surveys, Business and Company Resource Center, etc.

**(Tentative) Course Outline and Reading Assignments (revised on 9/20/2005)**

Week	Date	Lecture Topics	Readings	Excel assignments
1	08/23	Basics of Supply and Demand	[PR] Chapter 1, 2	[Duke] #3, 7, 8, 41
2	08/30	Basics of Supply and Demand (cont'd)	[PR] Chapter 1, 2	
3	09/06	Production	[PR] Chapter 6	[Duke] #21, 22, 23, 24, 25
4	09/13	Cost of Production	[PR] Chapter 7	(HW#1 DUE)
5	09/20	Profit Maximization and Competitive Supply	[PR] Chapter 8	[Duke] #26, 30, 35
6	09/27	Analysis of Competitive Markets	[PR] Chapter 9	(HW#2 DUE)
7	10/04	Review for the mid-term exam		Excel #1 DUE
8	10/11	MID-TERM EXAM		
9	10/18	Market Power: Monopoly and Monopsony, Pricing with Market Power	[PR] Chapter 10, 11	[Duke] #36, 44
10	10/25	Monopolistic Competition and Oligopoly	[PR] Chapter 12	
11	11/01	Consumer Behavior, Individual and Market Demand	[PR] Chapter 3, 4	[Duke] #16, 18, 19, 20 (HW#3 DUE)
12	11/08	Uncertainty and Consumer Behavior, Applications in Investments	[PR] Chapter 5	
13	11/15	Time Value of Money	[PR] Chapter 15	[Duke] #51, 52, 53
14	11/22	Externalities and Public Goods	[PR] Chapter 18	(HW#4 DUE) (Team Report DUE)
15	11/29	FINAL EXAM		Excel #2 DUE

## Schedule for Group Presentations

Week	Date	Preliminary Presentation	Week	Date	Final Presentation
4	09/13	Teams #1 - #3	9	10/18	Team #1 & #2
5	09/20	Teams #4 - #6	10	10/25	Team #3 & #4
6	09/27	Teams #7 - #9	11	11/01	Team #5 & #6
7	10/04	Teams #10 - #12	12	11/08	Team #7 & #8
			13	11/15	Team #9 & #10
			14	11/22	Team #11 & #12

## Honor Code

This course and its associated coursework are being administered under the policies of the University of Illinois at Chicago (UIC) College of Business Administration Honor Code. All students are expected to respect and uphold this code.

### *Honor Code for the College of Business Administration*

As an academic community the College of Business Administration at the University of Illinois at Chicago is committed to providing an environment in which teaching, learning, research, and scholarship can flourish and in which all endeavors are guided by academic and professional integrity. All members of the college community – students, faculty, staff, and administrators – share the responsibility of insuring that high standards of integrity are upheld so that such an environment exists.

In pursuit of these high ideas and standards of academic life, as a student I hereby commit myself to respect and uphold the University of Illinois at Chicago (UIC) College of Business Administration Honor Code during my entire matriculation at UIC. I agree to maintain the highest moral and ethical standards in all academic and business endeavors and to conduct myself honorably as a responsible member of the college academic community. This includes the following:

- Not to seek unfair advantage over other students, including, but not limited to giving or receiving unauthorized aid during completion of academic requirements;
- To represent fact and self truthfully at all times;
- To respect the property and personal rights of all members of the academic community.