

Module	Principles of Microeconomics
Course code	BABH-PMIE
Credits	5
Important notes	Available to students who have completed some Basic Management Module or Similar Tuition.
Allocation of marks	40% Continuous Assessment 60% Final Examination

Module aims and objectives

The module aims to provide a balanced approach to both the theory and application of economic concepts. It introduces learners to the fundamentals of microeconomics and exposes them to the principle theories and models used in microeconomics. It also demonstrates how economics can be used by individuals and businesses alike to assess problems and develop solutions. The learners are encouraged to become more astute participants in the economy by employing economic principles and recognising the role of their behaviour, and that of others, on the world around them. In particular, the module introduces economic concepts, an analysis of demand and supply, theories of the firm, competition, elasticity, and behavioural economics.

Minimum intended module learning outcomes

On successful completion of this module, learners are able to:

- (i) Explain the nature of the key economic problem of scarcity and choice
- (ii) Assess the forces driving demand and supply and their impact on market conditions
- (iii) Calculate and interpret various economic parameters such as equilibrium price and quantity, average costs, marginal costs and elasticity
- (iv) Classify firms into different market structures and show how competitive structures influence the individual firm's behaviour
- (v) Explain topical economic problems and issues confidently and apply economic analysis to individual and collective problems in real-world situations

Module content, organisation and structure

Introduction to Microeconomics

- The Economic Problem: Scarcity, Choice and Opportunity Cost
- Factors of production
- The Production Possibility Frontier
- Behavioural Economics and Consumer Choice
- Decision Making by Individuals and Firms

Demand, Supply and Market Equilibrium

- Demand and Consumers
- Supply and Producers
- Shifts in Demand and Supply Curves
- The Determinants of Equilibrium Price and Quantity
- Demand and Supply Applications
- Price Controls and Quotas: Government Actions in Markets

Elasticity

- The Responsiveness of Demand and Supply
- Cross Price Elasticity of Demand
- Effect of Income on Demand
- Relationship between Elasticity, Total Revenue and Price
- Applications of Elasticity

Costs and Production

- The Firm's Supply Decision and Cost Behaviour
- Long Run, Short Run, Marginal and Average Costs
- Diminishing Marginal Returns
- Economies of Scale

Wages and the Distribution of Income

- Wage Determination
- Transfer Earnings and Economic Rent
- Causes of Inequality

Market Structures

- Perfect Competition
- Monopoly
- Monopolistic Competition
- Oligopoly

Reading lists and other information resources

Primary Reading

Sloman, J., Garratt, D. and Guest, J. (2018) *Essentials of Economics*, 10th edition. Harlow: Pearson Education.

Secondary Reading

Case, K., Fair, R. and Oster, S. (2017) *Principles of Economics*, 12th Edition. Upper Saddle River, NJ: Prentice Hall.

Greenlaw, S.A. and Shapiro, D. (2018) *Principles of Economics*, 2nd Edition. Houston, TX: OpenStax.
Available at: <https://openstax.org/details/books/principles-economics-2e>

Hartford, T. (2014) *The Undercover Economist Strikes Back: How to Run - or Ruin - an Economy*. London: Abacus.

Mankiw, N. (2019) *Principles of Economics*, 9th Edition. Andover, Hampshire: Cengage Learning.

Thaler, R. (2015) *Misbehaving: The making of behavioural economics*. London & New York: W.W. Norton.