

*Federal State Autonomous Educational Institution of Higher Education
"Peoples' Friendship University of Russia"*

*Faculty of Economics
National Economy Department*

Recommended by MSSN / MO

**Program and Description
of the Course**

**MICROECONOMICS
Advanced level**

**Master Program "International Business"
field 38.04.01 "Economy"
specialization "International Business"**

Qualification (degree) graduate: Master Degree

2021

1. Course description

1.1. Goal and objectives of the course

The subject "Microeconomics" is aimed at helping students develop the relationship between economic theory and business practices, as well as the ability to use economic concepts and methods of analysis in the elaboration and adoption of managerial decisions.

Course objectives:

- study of modern concepts related to business, types of companies, their costs and profits;
- the acquisition of systematic knowledge of laws, rules, and errors of the functioning of the economic mechanism of organizations, reviewing options for their construction, advantages, and disadvantages;
- maintain knowledge of market balance, elasticity and usefulness, and about the issues of consumer demand, supply and consumer behavior;
- study of the mechanism of interaction of government agencies with business and determine the impact of data structures on the performance of commercial organizations.

2. Course position in curricula

The course «Microeconomics» is the core course of the Basic part of the Master Program “International Business”. Knowledge and skills acquired in the study of this course will be used in the study of other disciplines, in writing papers and Master Thesis, in scientific research of students.

Table No. 1 shows the previous and subsequent disciplines aimed at the formation of the competencies of the discipline in accordance with the competency matrix of OP VO.

Table No. 1 - **Previous and subsequent disciplines aimed at the formation of competencies**

| Competence | Preceding | Subsequent |
|---|--|---|
| willingness to lead a team in their professional activities, tolerantly perceiving social, ethnic, confessional and cultural differences (GPC-2). | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, International payment systems, Corporate finance. Company's FEA, Research practice. |

| | | |
|---|--|---|
| ability to make organizational and managerial decisions (GPC-3) | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, International payment systems, Corporate finance. Company's FEA, Research practice. |
| ability to make organizational and managerial decisions (GPC-3). | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, International payment systems, Corporate finance. Company's FEA, Research practice. |
| ability to evaluate the effectiveness of projects, taking into account the uncertainty factor (PC-6) | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, International payment systems, Corporate finance. Company's FEA, Research practice. |
| ability to develop strategies of behavior of economic agents in various markets (PC-7) | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, Corporate finance. Company's FEA, Research practice. |
| the ability to make a forecast of the main socio-economic indicators of the enterprise, industry, region and the economy as a whole (PC-10) | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, Corporate finance. Company's FEA, Research practice. |
| ability to develop options for management decisions and justify their choice based on criteria of social and economic efficiency (PC-12) | Technology transfer in Russia and abroad, Doing business in Russia | Macroeconomics, International monetary relations, Corporate innovation policy, International business management, Corporate security, International project management, International payment systems, Corporate finance. Company's FEA, Research practice. |

As a result of studying discipline the student should:

Know

- the main types of decisions taken by the management company in allocating corporate resources;

- key criteria forming the goals of the company and the principles of corporate goal-setting; economic essence and main principles of enterprise risk management;
- the economic substance of the practical use of the concepts of market equilibrium, elasticity and utility;
- the basics practical analysis and forecasting of demand for the company's products and anticipated production costs;
- principles and factors of pricing the company in a variety of configurations of competitive environment

Able:

- to evaluate the current status and potential of the company in the market
- to assess the security of enterprise assets to achieve your goals;
- create reasonable from the economic point of view the price policy of the company to achieve a market optimum;
- to assess the economic performance indicators of the enterprise.

Handle :

- methods of evaluation of economic efficiency of management decisions and their impact;
- methods of calculation of indicators that adequately express the objectives of the firm;
- the main methods of risk assessment for management decisions of the company;
- calculation of efficiency of use of capital of the company;
- practical application of methods of economic theory to determine the level of demand in the market;

3. Requirements to mastering of the course

Students after studying this discipline must acquire the following competencies:

General professional competencies that a student should acquire:

- willingness to lead a team in their professional activities, tolerantly perceiving social, ethnic, confessional and cultural differences (GPC-2).
- ability to make organizational and managerial decisions (GPC-3).

Professional competencies that a student should have:

- ability to evaluate the effectiveness of projects, taking into account the uncertainty factor (PC-6)
- ability to develop strategies of behavior of economic agents in various markets (PC-7)

- the ability to make a forecast of the main socio-economic indicators of the enterprise, industry, region and the economy as a whole (PC-10)
- the ability to develop options for management decisions and justify their choice based on criteria of social and economic efficiency (PC-12)

4. Course contents

4.1. Course annotation

The course outlines the theoretical and practical aspects of application of economic theory in business, discusses the main challenges and research directions for the development of practical implementation of economic laws. Special attention is paid to the peculiarities of the corporate behavior in different markets and specificities associated with application of economic laws in these markets.

4.2. The workload of discipline and types of training activities

Credit hours for the discipline are **3 credit units (one semester)**

| Type of academic work | Total hours | Semester (modul) | | | |
|----------------------------------|-------------|------------------|------------|---|---|
| | | 1 | 2 | 3 | 4 |
| Classes (Total) | 36 | | 36 | | |
| Lectures | 18 | | 18 | | |
| Practical classes | | | | | |
| Seminars | 18 | | 18 | | |
| Laboratory work | | | | | |
| Self-study | 72 | | 72 | | |
| Including: | | | | | |
| Individual tasks | 10 | | 10 | | |
| Topical presentation preparation | 20 | | 20 | | |
| Home reading | 10 | | 10 | | |
| Essay | 10 | | 10 | | |
| Other | 4 | | 4 | | |
| Preparation for final exam | 18 | | 18 | | |
| Total hours and credits | 108 | | 108 | | |
| | 3 | | 3 | | |

4.3. Topics in the course

Topic 1. The concepts of enterprise model

The concept of enterprise model and its economic objectives in the long and short term. Transaction costs. The hypothesis of profit maximization. Non-economic objectives of the company and the social responsibility of business. The hypothesis of maximizing shareholder wealth. Market value added and economic value added.

Topic 2. Alternative models of firm behavior

The profitability of the company and access to the world market, international competition. Alternative models of firm behavior: profit maximization, maximize sales, maximizing growth, behavior management, maximize value added (Japanese model). Complexity of the application of alternative models

Topic 3 Demand and supply

Methods for assessing demand. Consumer balance. Marginal utility and consumer surplus. The effect of advertising and promotion. Basic methods of forecasting demand - mechanical and barometric model.

Monopolistic competition and oligopoly, the main differences. Features of pricing in an oligopolistic market. "Price leadership" and "a broken curve of demand," price stability in oligopolistic markets. Cartels and collusion. Non-price factors differentiating the prices of the products under conditions of monopolistic competition and oligopoly.

Topic 4 Elasticity issue

The economic concept of elasticity. Price elasticity of demand, factors of influence and methods of its measurement. Arc and point elasticity, their differences and application in practice. The degree of elasticity of demand. Factors of elasticity.

The influence of elasticity on the price of products and size of production. The elasticity of demand for factors of production. Short-term and long-term elasticity of supply and demand. The relationship between elasticity of demand and income of economic agents. Marginal revenue and demand curve. Cross-elasticity of substitute products and complementary products. Elasticity of demand revenue. Other indicators of elasticity.

Topic 5. Costs in microeconomics

Theory and nature of costs in management decisions. Types of costs: alternative and straight, sunk and other. Accounting and economic costs. The initial and replacement cost.

Costs and production, common variables and marginal costs. Economic, accounting, and normal profit. The critical level of loss and interruption. The development of a competitive market in the long term. "Zeroing out" the profits. "Decentralized" profit centers.

The relationship of strategic management and market trends. Objectives pricing. Optimal pricing in various markets. The impact of price discrimination on social welfare. Analysis of the price cartel. Pricing for the full cost and incremental cost. Transfer prices. Other pricing practices.

Topic 6. Production function and capital investment

Production function, the distinction between short-term and long-term production function. The value of production functions in management decisions. Short-term analysis of total, average and marginal product. Optimizations of the production function and profit maximization.

Capital investment budgeting. Leverage. Evaluation of cash flow and capital appreciation. Types of management decisions on the analysis of the effectiveness of planned investment. Evaluation of the investment programs.

Types of managerial decisions by analyzing the effectiveness of planned investment. Evaluation investment program: method net present value method and internal rate of return. The rate of return on investment. Calculation of net present value.

5. Organizational-methodical structure of the course

In the process the course the following teaching methods are used: lectures, seminars, group counseling, preparation and presentation of projects, Self-study of students.

Types of classes and teaching methods

| | |
|--|--|
| Lecture | Classroom form of training in which the students present the main provisions of the discipline for the purpose of acquiring the theoretical knowledge necessary for further professional activity. |
| Seminar | Classroom dialog form classes on one of the topics of the course, involving the active participation of students. Directed on formation at them skills of independent analysis of the problems, the accumulation of practical experience of solving typical professional tasks. Includes including the study of specific situations and business games |
| Group counseling | Form of classroom practice, which involves detailed consideration of some (the most difficult to master students) the theoretical course or additional relevant topics for the students. This form of practice is mandatory for a teacher. The student participates in such consultation, on request. |
| Preparation and presentation of projects | The final product resulting from the planning and execution of complex educational and research tasks. Allows to evaluate the ability of students to independently design their knowledge in solving practical tasks and problems to navigate in the information space and the level of development of analytical, research skills, practical skills and creative thinking. Can be done individually or with a group of students |
| Self-study of students | Out-of-class form of work that involves the students reading the recommended literature, preparation of creative works, and oral presentations, preparation for written tests, writing essays, term papers and final qualifying works and other works necessary for completing the |

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|--|-------------------|
| | training program. |
|--|-------------------|

5.2 Thematic sections and interdisciplinary connection with other disciplines.

Discipline is taught in the first semester of the master's program and does not require follow-up training courses.

5.3. Workload composition

| TOPIC | lectures (h) | seminars (h) |
|--|-----------------|-----------------|
| Topic 1. The concepts of enterprise model | 3 | 3 |
| Topic 2. Alternative models of firm behavior | 3 | 3 |
| Topic 3 Demand and supply | 3 | 3 |
| Topic 4 Elasticity issue | 2 | 2 |
| Topic 5. Costs in Microeconomics | 3 | 3 |
| Topic 6. Production function and Capital investments | 4 | 4 |
| Total | 36 | 18 |

6. Laboratory workshop. Not provided.

7. Practical exercises (seminars)

| TOPIC | seminars 18 hours |
|---|----------------------|
| Topic 1. Case analysis. Quiz on the topic. | 3 |
| Topic 2. Presentation of projects on different types of motivation and profit generation in companies around the world. | 3 |
| Topic 3. Case analysis. Intermediate test No. 1. | 3 |
| Topic 4. Summing up intermediate test No. 1. Case analysis. | 2 |
| Topic 5. Project presentations on Topic 5 | 3 |
| Topic 6. Final control testing. Summing up the tests. | 4 |
| Total | 18 |

8. Sample topics for individual and group presentations

1. Vertical and horizontal integration examples.
2. Direct and inverse demand functions. Determinants of market demand real-life examples.
3. Direct and inverse functions of a sentence. Determinants of market supply real-life examples.
4. Consumer choice and non-functional demand real-life examples.
5. Price indices, nominal and real income real-life examples.
6. The interaction of demand and supply real-life examples.
7. Market equilibrium and excess demand real-life examples.
8. The calculation of the market equilibrium with linear demand curves and offers real-life examples.
9. State regulation of commodity market: excise duties, subsidies and fixation of prices real-life examples.
10. To protect the national market from foreign competition, and real-life examples.
11. The impact of import quotas and tariffs on the goods market equilibrium real-life examples.
12. Explicit and implicit costs of production real-life examples.
13. The characteristic features of "pure" monopoly, real-life examples.
14. Economic, administrative and natural monopolies real-life examples.
15. The social costs of monopolistic competition real-life examples.
16. Non-price competition real-life examples.

9. Methodical and informational support

BASIC SOURCES:

1. *Paul Krugman, Robin Wells ECONOMICS*, Princeton University, Worth Publishers, 2013

Electronic files from open Internet sources:

https://matermiddlehigh.enschool.org/ourpages/auto/2015/8/25/54609372/Krugman_s%20Economics%20for%20AP.pdf

<https://openstax.org/details/books/principles-macroeconomics-ap-courses-2e>

ADDITIONAL SOURCES:

1. *Libby Rittenberg and Tim Tregarthen. Microeconomics. Pdf file. URL:*

https://ocw.mit.edu/ans7870/14/14.01SC/MIT14_01SCF11_rtext.pdf

Methodical recommendations on organization of self-study work of students

Self-study work of students on discipline Microeconomics promotes deeper assimilation of the studied course, forms and enhances the skills of research work on the course problems and directs the student's ability to apply the acquired theoretical knowledge in practice.

Independent work of students on the given course shall be conducted in the following forms:

- the homework given by the teacher in the form of reports;
- the preparation of essays extracurricular time, and their subsequent presentation in the classroom (seminars);
- preparation beyond class time and protection at the seminar of the research project (in the form of group presentation);
- Independent readings of suggested literature and articles provided in the class
- Fulfillment of extra tasks provided by teacher upon request from students.

The list and content of homework shall be prepared by the teacher taking into account the size and composition of the training group and is included in the Evaluation Fund. The theme of the essay is chosen by the student together with the teacher in accordance with the provided list. The presentation of papers occurs in a public form, the exact date is being set by the teacher. Independent reading of the student is done according to his\her personal studying style, but it is advised that this type of work should be done no less than three times a week with one hour per study session.

The results of independent work monitored by the teacher, leading this discipline, and are taken into account when admitting students to the exam and final evaluation of student knowledge on the exam.

10. Software

OC MS Windows (XP), MS Office 2010, Mentor, Leading business Games 2010-2012.

Logistical support discipline:

- classrooms (rooms) at the workplace for lectures (depends on the number of students) and for seminars (the number of students in separate groups);
- board;
- desktop PC with Microsoft Office 2007;
- multimedia projector;
- portable equipment - a laptop and a projector;
- screen (stationary or portable floor).

| № aud. | Name-equipped classrooms | List of main equipment |
|---------------|---------------------------------|-------------------------------|
|---------------|---------------------------------|-------------------------------|

| | | |
|-----------------|----------------|---|
| 17 | Classroom | Multimedia Projector - 2 pcs., Sound Tribune - 1 pc., Screen - 2 pcs. |
| 19 | Computer Class | Computers Pentium 4-1700/256MB/cd/audio - 21 pcs., Multimedia projector PanasonicPT-LC75 - 1 pc., The screen is 1 unit. |
| 103 | Classroom | Multimedia Projector - 1 pc., |
| 105 | Classroom | Multimedia Projector - 1 pc., |
| 1 | Classroom | Multimedia Projector - 1 pc., |
| 2 | Classroom | Multimedia Projector - 1 pc., |
| Conference hall | Classroom | Multimedia Projector - 1 pc., Sound equipment |
| Hall Library 4 | Classroom | Multimedia Projector - 1 pc., |

There are 770 library workstations in the reading rooms of PFUR library. Reading and lending rooms of the Academic and Research Library are located in 5 university buildings. Some rooms are used for group work, 3 rooms are equipped with multimedia devices. Internet access is provided in the library via Wi-Fi.

There are more than 17000 Library readers. Library fund contains 1.800.000 books and is increased monthly. The funds are universal, they are formed by the discipline principle. It is increased due to departments' orders. The library staff counts 43, 36 of them have university degrees, 90% are computer competent.

Electronic catalogue has been compiled since 1990. Since 2010 PFUR e-library system has provided readers with information and full-text document access.

Book lending is done automatically. The free access room is equipped with self-service lending station applying RFIT-technology.

All PFUR computers provide access to PFUR e-library system and electronic sources.

The platform for information, service and resource access is available at the library website <http://lib.rudn.ru/>.

11. Guidelines on the organization of the discipline:

Types of classes and teaching methods

The implementation of the course includes interactive lectures, practical sessions (workshops) including multimedia equipment and an interactive tutorial, the independent creative works and their subsequent presentation, testing, group discussions on topics of the course.

| | |
|----------|---|
| Lectures | The classroom form of instruction in which the main provisions of the |
|----------|---|

| | |
|---------------------------|---|
| | academic discipline are given. The ultimate goal of the lectures is the achievement by students of the degree of mastering the theoretical knowledge they need for further professional activity. The form of the lecture can be both traditional and interactive. |
| Seminars | A classroom dialogue form of classes on one of the course topics, involving the active participation of students (all or some of them), aimed at developing their skills of independent theoretical analysis of the problems addressed in the course, including by studying texts of primary sources, accumulating practical experience in solving typical professional tasks. |
| Group academic counseling | The main task of group academic counseling is a detailed or in-depth examination of some theoretical course topics, the development of which, as a rule, makes it difficult for some students. At the request of students, it is possible to introduce additional ones for discussion: topics of particular interest to them that do not receive sufficient coverage in the lecture course. This form of study is mandatory for the teacher, the student has the right not to take part in such a consultation if he has successfully mastered this section of the course on his own or the additional topic being discussed does not interest him. |
| Individual consultations | An out-of-class form of a teacher's work with an individual student, implying discussion of those sections of the discipline that were not clear to the student, or caused by the student's desire to work on writing a course or final qualifying work for the course being studied. |
| Independent work | Reading the recommended literature (mandatory and optional), preparing for oral presentations, preparing for written examinations (midterm, final tests), writing essays, essays, term papers and final qualifying works; as well as other types of work required to complete the curriculum |

Terms and criteria for grading

Grades are based on the following conditions:

- obligatory attendance of lectures and seminars
- participation in mid-term and final certifications
- assesses the quality of compliance with collective presentations
- evaluated the quality of case discussion in the seminars
- estimated active work at the seminar (the ability to debate, creative approach to the analysis of materials, ability to clearly and succinctly articulate my thoughts)
- mandatory execution of all tasks foreseen by the program of the course
- all kinds of academic tasks are executed exactly at the time prescribed by the curriculum
- academic work after the deadline leads to lower scores for the job
- failure to perform academic tasks without good reason leads to absence of points for the assignment (without the possibility of the assignment for full points)

- the final grade for the discipline is set on the basis of the results shown by the students throughout the training period
- the final grade is determined by the sum of the scores obtained by the students for various kinds of work during the entire period of study under the curriculum

The following control forms of knowledge assessment are provided:

- current - on seminar and practical classes
- intermediate in the form of control works, containing open and closed questions
- final control - written examination in form of test followed by interview
 - **Grade structure for the Microeconomics course (maximum 100 points):**
 - Attendance and participation in class activities – 10 points
 - Midterm evaluation – 25 points
 - Final evaluation – 35 points
 - Homeworks – 30 points

Score-rating system of knowledge assessment, rating scale

| BRS points | Traditional RF ratings | ECTS |
|------------|------------------------|---------|
| 95 – 100 | Excellent – 5 | A (5+) |
| 86 – 94 | | B (5) |
| 69 – 85 | Good – 4 | C (4) |
| 61 – 68 | Satisfactory - 3 | D (3+) |
| 51 – 60 | | E (3) |
| 31 – 50 | Unsatisfactory - 2 | FX (2+) |
| 0 – 30 | | F (2) |
| 51 – 100 | Test | Passed |

Description of ECTS ratings:

A (“Excellent”) - the theoretical content of the course has been mastered completely, without gaps, the necessary practical skills of working with the mastered material have been formed, all the training tasks provided by the training program have been completed, the quality of their implementation is estimated by the number of points close to the maximum.

B (“Very Good”) - the theoretical content of the course has been fully mastered, without gaps, the necessary practical skills of working with the mastered material are basically formed, all the training tasks provided by the training program are completed, the quality of performance of most of them is assessed by the number of points close to the maximum.

C (“Good”) - the theoretical content of the course has been fully mastered, without gaps, some practical skills of working with mastered material are not sufficiently developed, all the training tasks provided for by the training program are completed, the quality of performance of none of them is assessed by the minimum number of 5 dollars, some types of tasks are completed with errors.

D (“Satisfactory”) - the theoretical content of the course has been partially mastered, but the gaps are not essential, the necessary practical skills of care with the material mastered are mostly formed, most of the training tasks provided by the training program are completed, some of the completed tasks may contain mistakes.

E (“Mediocre”) - the theoretical content of the course has been partially mastered, some practical skills have not been formed, many of the training tasks provided by the training

program have not been completed, or the quality of performance of some of them is assessed by the number of points close to the minimum.

FX ("Conditionally unsatisfactory") - the theoretical content of the course is partially mastered, the necessary practical skills are not formed, most of the training tasks provided by the training program are not fulfilled or the quality of their implementation is assessed by the number of points close to the minimum; with additional independent work on the course material it is possible to improve the quality of the performance of training tasks

F ("Certainly unsatisfactory") - the theoretical content of the course is not mastered, the necessary practical skills are not formed, all completed training tasks contain blunders, additional independent work on the course material will not lead to any significant improvement in the quality of the training tasks.

12. The fund of assessment tools is provided in the Fund of Evaluation Tools

Questions for midterm evaluation. Sample

1. If an increase in consumer incomes leads to a decrease in the demand for camping equipment, then camping equipment is
 - a. a normal good.
 - b. none of these answers.
 - c. an inferior good.
 - d. a substitute good.
 - e. a complementary good.

2. If the price of a good is above the equilibrium price,
 - a. there is a surplus (i.e. an excess supply) and the price will rise.
 - b. there is a shortage (i.e. an excess demand) and the price will fall.
 - c. there is a shortage (i.e. an excess demand) and the price will rise.
 - d. the quantity demanded is equal to the quantity supplied and the price remains unchanged.
 - e. there is a surplus (i.e. an excess supply) and the price will fall.

3. If the price of a good is below the equilibrium price,
 - a. there is a shortage (i.e. an excess demand) and the price will rise.
 - b. the quantity demanded is equal to the quantity supplied and the price remains unchanged.
 - c. there is a shortage (i.e. an excess demand) and the price will fall.
 - d. there is a surplus (i.e. an excess supply) and the price will rise.
 - e. there is a surplus (i.e. an excess supply) and the price will fall.

4. Suppose there is an increase in both the supply and demand for personal computers. In the market for personal computers, we would expect
 - a. the equilibrium quantity to rise and the equilibrium price to rise.
 - b. the equilibrium quantity to rise and the equilibrium price to fall.
 - c. the equilibrium quantity to rise and the equilibrium price to remain constant.
 - d. the change in the equilibrium quantity to be ambiguous and the equilibrium price to rise.
 - e. the equilibrium quantity to rise and the change in the equilibrium price to be ambiguous.

- 5.If demand is linear (a straight line), then price elasticity of demand is
- elastic in the upper portion and inelastic in the lower portion.
 - inelastic in the upper portion and elastic in the lower portion.
 - inelastic throughout.
 - constant along the demand curve.
 - elastic throughout.
- 6.For a price ceiling to be a binding constraint on the market, the government must set it
- above the equilibrium price.
 - below the equilibrium price.
 - precisely at the equilibrium price.
 - at any price because all price ceilings are binding constraints.
- 7.Within the supply and demand model, a tax collected from the buyers of a good shifts the
- supply curve downward by the size of the tax per unit.
 - supply curve upward by the size of the tax per unit.
 - demand curve upward by the size of the tax per unit.
 - demand curve downward by the size of the tax per unit.

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