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MRM 22-23 Section A

1. Objectives

The goal of this course is to develop the basic microeconomic tools that are necessary to analyze managerial decisions from an economic point of view. Mastering these tools is essential to be able to take courses in industrial organization, finance, marketing, accounting and strategy at later stages in your Ph.D.

2. Prerequisites

The mathematical prerequisites for this course are a basic knowledge of calculus (e.g., constrained optimization) and a grasp of the elementary aspects of probability.

2. Learning outcomes

Obtain familiarity with:

- (i) classical demand and producer theory,
- (ii) the theory of individual choice under uncertainty,
- (iii) competitive equilibrium,
- (iv) the fundamental theorems of welfare economics,
- (v) game theory,
- (vi) main sources of market failure: externalities, market power and asymmetric information.

3. Competencies

General Competencies

CG1: Acquire knowledge, skills, abilities and attitudes required to conduct research on a global basis in the field of business management.

Basic Competencies

CB9: Students should be able to communicate clearly and concisely their conclusions, underlying knowledge and reasons to a specialized and non-specialized audience.

CB 10: Students should possess the learning outcomes that enable them to continue studying in a way that will be largely self-directed or autonomous.

Specific Competencies

CE1: Understand the concepts of social and human sciences relevant and necessary to carry out research projects of international level in the area of business management.

CE2: Profound knowledge of tools in the fields of mathematics, statistics, econometrics and multivariable analyzes in order to carry out relevant research projects on a global level.

CE5: Ability to understand state-of-the-art research in organization theory published in the top academic journals (Administrative Science Quarterly, Academy of Management Journal, Organization Science, American Journal of Sociology, etc.) and compare and contrast the arguments

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developed in the papers from a logical and empirical point of view.

CE6: Ability to take current management and organizational problems and identify how different theories of organizations can help us understand them.

CE7: Ability to design research programs in the area of Business Management.

CE8: Analyze business phenomena formal analysis tools (logic and mathematics) in order to develop consistent structural theories.

CE9: Knowledge of and ability to use the tools of economic analysis and the classical theory of markets in the analysis of organizations.

CE25: Capability to apply game theories to the analysis of conflict situations of organizations and market related.

4. Methodology

This is a PhD. Level course so the professor is mainly a *facilitator of knowledge*. In other words, the professor is there to guide and assist students in learning for themselves.

For each session there will be one or more chapters of “Intermediate Microeconomics: A Modern Approach” (7th ed) by Hal R. Varian as required reading (the textbook is available in the library). In addition, there will be a Problem Set available for you to practice (you **do not need** to submit the problem sets).

Ideally, you should read the required readings and attempt the problem sets before the class. During the class, we will discuss the material in more depth and try to solidify our knowledge. Finally, after the class you should go back to the Problem set and make sure that you have mastered the topic.

5. Office hours

Coordinate by email.

6. Evaluation

The final grade consists of a Midterm (60%) covering the first 5 topics of the course (see the outline below), and a Final Exam (40%) covering the last 3 topics of the course. Both exams will be **individual, open book, 24 hrs. take-home exams**.

Even though the exams are take-home, we will not have class on Sessions 11/12 and 19/20 for you to have some spare time to do the exams in case you need it.

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7. Course outline

#	SESSION TITLE	REQUIRED READINGS
1	Consumer Choice and Demand	Varian Ch. 2, 3, 4, 5, 6, 8
2		
3	Producer Theory	Varian Ch. 18, 19, 20, 21, 22
4		
5	Choice under Uncertainty	Varian Ch. 12, 13
6		
7	Partial Equilibrium and Monopoly	Varian Ch. 15, 23, 16, 24 (in that order)
8		
9	General Equilibrium	Varian Ch. 31, 32
10		
11	Midterm (60%)	
12		
13	Externalities and Public Goods	Varian Ch. 34, 36
14		
15	Game Theory	Varian Ch. 28, 29, 27 (in that order)
16		
17	Asymmetric Information	Varian Ch. 37
18		
19	Exam (40%)	
20		

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APPENDIX: Table of content of “Intermediate Microeconomics: A Modern Approach” 7th ed by Hal. R. Varian

1 The Market	19 Profit Maximization
2 Budget Constraint	20 Cost Minimization
3 Preferences	21 Cost Curves
4 Utility	22 Firm Supply
5 Choice	23 Industry Supply
6 Demand	24 Monopoly
7 Revealed Preference	25 Monopoly Behavior
8 Slutsky Equation	26 Factor Markets
9 Buying and Selling	27 Oligopoly
10 Intertemporal Choice	28 Game Theory
11 Asset Markets	29 Game Applications
12 Uncertainty	30 Behavioral Economics
13 Risky Assets	31 Exchange
14 Consumer's Surplus	32 Production
15 Market Demand	33 Welfare
16 Equilibrium	34 Externalities
17 Auctions	35 Information Technology
18 Technology	36 Public Goods
	37 Asymmetric Information