**COURSE SYLLABUS FOR ECONOMIC ANALYSIS OF THE FIRM – MASTER LEVEL**

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| **Basic data for the course** | | | |
| **Academic unit:** | Faculty of Economics | | |
| **Title of the course:** | Economic Analysis of the Firm | | |
| **Level:** | Master | | |
| **Status of the course:** | Elective | | |
| **Year of studies:** | 2nd Year, 3rd Semester | | |
| **Number of hours per week:** | 2+0 | | |
| **ECTS credits:** | 4 | | |
| **Time/location:** | TBD | | |
| **Tutor:** | Prof. Ass. Dr. Arben Dermaku | | |
| **Tutor’s contact details:** | arben.dermaku@uni-pr.edu | | |
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| **Content of the course** | This course is part of microeconomics and develops an economic perspective on the firm - the allocation and use resources. The course presents and discusses the firm/ business application of microeconomic theory. Economic thought and analysis are used to evaluate a variety of issues concerning the firm. The topics covered include: market forces of demand and supply; firms' cost functions; profit maximization; structure conduct performance paradigm; Coase theorem; information asymmetry; contracts and uncertainty; information and risk; corporate social responsibility; corporate governance. | | |
| **Course’s objectives:** | * Provide a rigorous introduction to the core concepts of microeconomics and their applications to the firm. * Show how modern microeconomic theory and analysis can be and is used to study the allocation and use resources within the firm. * Identify business problems and apply appropriate solutions * Appreciate the importance of ethical and corporate social responsibility principles | | |
| **The expected outcomes:** | Upon completion of this course, students will be able to:   * Comprehend microeconomic concepts and their relationship to the business environment * Use techniques developed in class to analyze diverse market situations * Critically appraise the result of such models and those of other researchers that deploy these techniques. * Develop, interpret and apply different techniques by using different models, use these techniques with sufficient confidence and independently apply them to one’s own scientific questions.. | | |
| **The students’ workload *(hours per semester, ECTS)*** | | | |
| **Activity** | **Weeks** | **Hours** | **Total** |
| Lectures | 15 | 2 | 30 |
| Seminars (theoretical and practical) |  |  |  |
| Case studies |  |  |  |
| Direct contact with tutor | 1 | 1 | 1 |
| Field research |  |  |  |
| Colloquiums |  |  |  |
| Homework | 4 | 4 | 16 |
| Individual study (at library or at home) | 15 | 3 | 45 |
| Final preparation for the exam | 2 | 4 | 8 |
| Evaluation |  |  |  |
| Projects, presentation etc. |  |  |  |
| **Total** |  |  | **100** |
| **Teaching methods:** | Lectures; tutorials using case studies; homework; guest lectures. | | |
| **Assessment methods:** | **Activity and assignment point values**  Grading will be based on:   * Assignment 1 – 25% of the Grade * Midterm exam - 50% of the Grade * Assignment 2 - 25% of the Grade   The maximum number of points is 100. The Final grade will be calculated as follows:  Percentage Grade Grade Points  91 – 100 A 10  81 – 90 B9  71 – 80 C8  61 – 70 D 7  51 – 60 E6  <50 FX5 | | |
| **Literature** | | | |
| **Basic literature:** | * J. Hirshleifer, A. Glazer, and D. Hirshleifer, *Price Theory and Applications*, 7th edition, 2005, Cambridge University Press. * Besanko, David, and Ronald R. Braeutigam, *Microeconomics*, 4th edition, 2005, John Wiley and Sons. * Perloff, M. Jeffrey, *Microeconomics*, 6th edition, 2012, Person Education.   ***You do NOT have to purchase the most recent version of this textbook*.** | | |
| **Additional literature:** | Research papers:   1. Ackerloff, A. George, 1970. “The Market for “Lemons: Quality Uncertainty and the Market MEchanism” The Quarterly Journal of Economics, Vol. 84, No. 3. (Aug., 1970), pp. 488-500. 2. Begum, Samina. "Test Of Structure-Conduct-Performance And Efficient-Structure Hypotheses In Sugar Industry Of Pakistan." *Yönetim ve Ekonomi: Celal Bayar Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* 25.3 (2018): 913-923. 3. Demsetz, Harold. “The Theory of the Firm Revisited.” *Journal of Law, Economics, & Organization*, vol. 4, no. 1, 1988, pp. 141–161. *JSTOR*, [www.jstor.org/stable/765018](http://www.jstor.org/stable/765018). 4. Hart, Oliver. "Economist's Perspective on the Theory of the Firm, An." *Colum. L. Rev.* 89 (1989): 1757. 5. Coase, Ronald H. "The problem of social cost." *Classic papers in natural resource economics*. Palgrave Macmillan, London, 1960. 87-137. 6. Farrell, Joseph. "Information and the Coase theorem." *Journal of Economic Perspectives* 1.2 (1987): 113-129. 7. Joskow, Paul L., and Alvin K. Klevorick. "A framework for analyzing predatory pricing policy." *J. Reprints Antitrust L. & Econ.* 10 (1979): 259. 8. Rubinstein, Ariel, and Menahem E. Yaari. "Repeated insurance contracts and moral hazard." *Journal of Economic Theory* 30.1 (1983): 74-97. 9. Porter, Michael E., and Mark R. Kramer. "The link between competitive advantage and corporate social responsibility." *Harvard business review* 84.12 (2006): 78-92. 10. Riinvest. “Corporate Governance in Kosova.” (2006).     The texts will be supplemented with journal articles and current affairs readings drawn from daily newspapers and other internet sources.  *Other supplementary materials will be uploaded on the SEMS.* | | |

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| **The detailed plan of work:** | |
| **Week** | **Topic** |
| ***Week 1*** | Analyzing Economic Problems: Besanko et al., Chapter 1 |
| ***Week 2*** | Utility and Preferences: Hirshleifer et al., Chapter 3 |
| ***Week 3*** | Cost Applications and Extensions of Demand Theory: Hirshleifer et al., Chapter 5  ***Assignment 1 (handed out; two weeks)*** |
| ***Week 4*** | The Business Firm: Hirshleifer et al., Chapter 5 |
| ***Week 5*** | Competitive Markets Applications: Besanko et al., Chapter 10 |
| ***Week 6*** | Monopoly and Monopsony: Besanko et al., Chapter 11 |
| ***Week 7*** | Market Structure and Competition: Besanko et al., Chapter 13  ***Midterm Exam*** |
| ***Week 8*** | Asymmetric Information: Ackerloff, A. George (1990) |
| ***Week 9*** | Contracts and Moral Hazard: Perloff, Chapter 20  ***Assignment 2 (handed out; two weeks)*** |
| ***Week 10*** | Risk and Information: Besanko et al., Chapter 12 |
| ***Week 11*** | Cost and Cost Minimization: Besanko et al., Chapter 7 |
| ***Week 12*** | Externalities and Public Goods: Porter and Kramer (2016) |
| ***Week 13*** | Corporate Social Responsibility: Porter and Kramer (2016) |
| ***Week 14*** | Corporate Governance: Riivnest (2006) |
| ***Week 15*** | ***Presentation of Assignment 2***  ***Final Exam (Cumulative)*** |

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| **Academic policies and code of conduct:** |
| **Quiz and exam related issues**  There will be no makeup or early exams given. Please do not miss any quizzes or exams without a valid and documented excuse in advance otherwise you will receive a 0 for that quiz or exam. Please check UP policy for valid reasons (documented medical illness that prevents you from taking the exam, a death in your immediate family, or a documented mandatory participation in trainings for KSF members).  You can only take the Final Exam at an alternative time if you present me with a valid document from an advisor verifying that you have at least 3 exams within 24 hours. Please check UP policy on this matter.  **Cheating**  All work and materials that you submit to the instructor for a grade must be your own work. Copying the work of others, using unapproved materials during exams and quizzes, or taking credit for work that you did not actually do is considered cheating and will not be tolerated.  **Other**   * Please read the chapters before you come to class. * Come to class on time * Respect your classmates and don’t forget, they are here to learn. * If you do not understand what I am saying, stop me and ask questions. * Do not talk to your neighbors during class. It distracts the students around you, and it distracts me. * Try to participate during lectures and tutorials. * Please do not send e-mails trying to negotiate the final grade as this will only have a negative influence on my decision.   **I reserve the right to ask you to leave class for the day if you violate any of the above policies.**  **Additional information**  Students are expected to attend all scheduled lessons. Regardless of the reason, students may have no more than 3 un-excused absences before their grade is affected. Each un-excused absence after 3 will lower the student’s course grade by one grade. This is mandatory policy--there will be **no exceptions** to this rule and attendance will be taken on a lecture basis. Additionally, students are expected to come to class prepared to participate in the lesson and take notes. Students should bring to every *tutorial* a notebook and a pen or pencil. Smart (mobile) phones and similar electronic devices should be switched off and put away at the beginning of class. Students whose phones or similar devices disrupt class due to excessive ringing or similar behavior will be asked to leave the class and will be marked as absent for the day (will receive no credit for the lesson). Finally students who have special needs related to poor eyesight, learning disabilities, or any similar issue should contact the professor at the beginning of the term so that arrangements can be made to provide the necessary assistance |