

Overview

Microeconomics focuses on the individual actions of sellers (producers) and buyers (consumers) and how those actions affect the availability, distribution, and utilization of scarce resources. An understanding of microeconomics explains decisions at the organizational level – businesses, companies, and nonprofit entities. Leveraging the foundational principles of microeconomics is essential for designing strategy, particularly in the sales and marketing functions. This module examines the areas of consumer choice, supply and demand, market elasticity, and production and costs.

This module is intended as a review of the key concepts, fundamentals, and foundations of the discipline.

Learners

This module is designed for learners who require an overview of the discipline. The module is commonly used in an academic leveling (transition to graduate education) or business review (capstone) course or program.

Module Authors

The author for this module is Peregrine Global Services, which is headquartered in Gillette, Wyoming. It includes materials from a variety of sources as indicated within the module.

Learning Outcomes

The learning outcomes for the module are as follows. With the completion of this module, learners should be able to:

1. Understand scarcity.
2. Understand choice and how it is linked to scarcity.
3. Understand why people make trade-offs.
4. Understand opportunity cost.
5. Understand how rational people make decisions at the margins.
6. Understand incentives.
7. Understand the role of supply and demand in economics.
8. Understand the concept of elasticity in its various forms.

Curriculum

<u>Section</u>	<u>Topics</u>
Section 1: Scarcity, Choice, and Opportunity Cost	<ul style="list-style-type: none"> • Scarcity • Choice • Trade-offs • Opportunity Cost • Thinking at the Margins • Incentives
Section 2: Supply and Demand	<ul style="list-style-type: none"> • Markets • Law of Demand • Market Demand vs. Individual Demand • Change in Demand vs. Change in Quantity Demanded • Law of Supply • Market Supply vs. Individual Supply • Change in Supply vs. Change in Quantity Supplied • Shifts in Both Supply and Demand
Section 3: Elasticity	<ul style="list-style-type: none"> • Price Elasticity of Demand • Classifications of Price Elasticity of Demand • Total Revenue vs. Price • Price Elasticity of Supply • Income Elasticity of Demand • Cross-Price Elasticity of Demand
Section 4: Production and Costs	<ul style="list-style-type: none"> • Price Elasticity of Demand • Profit Maximization – Marginal Analysis • Accounting Profit vs. Economic Profit • Production Function and Marginal Productivity • Production Costs and Cost Curves

	<ul style="list-style-type: none"> • Isoquants • Scale • Cost Curve Shifts
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Assessment

The module includes section quizzes and short exercises to ensure understanding of the instructional content. The module also includes a 20-question pre-test and post-test. The pre-test captures the learner’s baseline knowledge, and the post-test ensures that learners have grasped the concepts needed for success.

Hours and Articulation

Learner hours are shown in the following table. The hours are based on both the time within the module and time away from the module conducting application activities.

<u>Section</u>	<u>Hours</u>
Pre-test	0.25
Section 1: Scarcity, Choice, and Opportunity Cost	0.50
Section 2: Supply and Demand	1.5
Section 3: Elasticity	1.5
Section 4: Production and Costs	1
Post-test	0.25
Total Hours	5