Davao del Sur State College
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Microeconomics

MICROECONOMICS

(VERSION 1)

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PREFACE

In today's fast changing economic and business environment, individuals and business managers are constantly faced with choices on how to make the best use of limited resources. Understanding how consumers, producers, and markets make these choices is important in making sound economic and business decisions. This subject, Microeconomics, will help students understand the basic economic principles that influence individual behavior, business operations, prices, production, and the allocation of resources.

This instructional material consists of several topics such as supply and demand analysis, theories of consumer behavior, production, cost and profit, market structure analysis, and the concepts of welfare and equilibrium. These topics introduce students to the fundamental principles of microeconomics and help them understand how consumers and businesses respond to changes in prices, income, costs, competition, and other market conditions.

In making the individual lessons for each module, it is intended to balance theoretical understanding with practical application. After a thorough presentation of the important concepts and principles, examples, exercises, and assessment activities are incorporated to help students relate economic theories to actual situations involving consumers, businesses, and markets.

Along the lines of each lesson, the writer of this instructional material would like to emphasize that understanding microeconomics should not be limited to memorizing economic terms, theories, and graphs. Rather, students should learn how these concepts can be used to explain why consumers make certain choices, why businesses make decisions regarding production and pricing, and how different market conditions affect both consumers and producers.

As future managers, entrepreneurs, and business professionals, it is hoped that the students will be able to develop an economic way of thinking, appreciate the importance of analyzing available choices and their consequences, and apply economic principles appropriately in making business and everyday decisions.

To end, Microeconomics is not simply about studying demand and supply, costs, production, or market structures. It is about understanding how choices are made when resources are limited, how these choices affect others in the market, and how economic principles can help individuals and businesses make more informed and sound decisions.

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TABLE OF CONTENTS