

H11EB ECONOMICS FOR BUSINESS SYLLABUS

COURSE AIM

The aim of the Economics for Business course is to develop in students a systematic approach to decision-making and the ability to recognise, use and interpret economic information from both within the organisation and the wider environment.

COURSE SYNOPSIS

The course provides managers with an overview of relevant economic issues in a business context. The course starts by outlining fundamental economic concepts and examining the workings of the market system. Different market structures and their impact on organisations are reviewed and the role of government in the economy is examined. Relevant aspects of the macroeconomy are introduced with a focus on business impact and decision-making. This is followed by an exposition of international economic issues. The course ends with a research activity that will pull all the strands of the course together, and prepare students fully for the assessment.

COURSE LEARNING OUTCOMES

On completion of this course students will be able to:

- Apply economic criteria for efficient resource allocation to a diverse range of dynamic business situations.
- Analyse changing market conditions in terms of supply, demand and possible government intervention and formulate appropriate and sustainable organisational responses.
- Propose appropriate economic solutions that draw on a robust, critical awareness of the role of information in the market economy.
- Evaluate and apply appropriate approaches to economic challenges in relation to social and private costs, taxation and government regulation.
- Propose relevant pricing and market strategies for a variety of market structures and in the presence of market failures.
- Recommend appropriate courses of action to deal with economic uncertainty, through evaluation of changes in macroeconomic variables and policy-making.
- Use diverse forms of economic information from both the environment and the organisation to evaluate and propose solutions to business problems.

COURSE STRUCTURE

The course is broken down into 11 learning modules as follows:

Module 1: The Role of Economics in Business

The aim of this module is to provide students with an introduction to economics as a discipline, introduce some key concepts and highlight the subject's relevance to business.

At the end of this module students will be able to:

- Identify the role of economics in business
- Apply simple analytical tools such as opportunity cost and marginal analysis
- Understand the structure of economics as a field

Topics covered are as follows.

- Scarcity and choice
 - Opportunity cost
 - Marginal analysis
 - Rational and irrational behaviour
 - Transaction costs
 - The principal agent problem
 - Levels of analysis – micro, macro and international
 - Development of economic thinking
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Module 2: The Market Mechanism

The aim of this module is to equip students with a critical understanding of how markets operate and the way in which supply and demand determine and produce changes in price and quantity over time.

At the end of this module students will be able to:

- Determine the impact of changes in underlying factors on the market forces of supply and demand
- Use supply and demand analysis to interpret changes to market conditions

Topics covered are as follows:

- Demand characteristics and determinants
 - Supply characteristics and determinants
 - Ceteris paribus
 - Market equilibrium
 - Shifts in market equilibrium
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Module 3: Demand

The aim of this module is develop students' understanding of the nature of demand, review a number of key economic theories related to consumer behaviour and demonstrate how organisations can use this information to their advantage.

At the end of this module students will be able to:

- Determine the nature of price and income elasticity for different types of goods and use this to interpret the impact of price changes on the organisation
- Use a critical awareness of a number of economic perspectives on consumer behaviour to predict and interpret the actions of individual buyers

Topics covered are as follows:

- Price elasticity of demand
 - Income elasticity of demand
 - Consumer choice theory
 - Consumer surplus
 - Asymmetric information
 - Moral hazard
 - Adverse selection
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Module 4: Supply

The aim of this module is to provide an overview of the theory of the firm and some alternative views in order to demonstrate how contemporary organisations behave and make supply decisions.

At the end of this module students will be able to:

- Understand how costs, revenues and profit levels affect the behaviour of firms
- Critically appraise neoclassical and more recent theories of the firm for relevance to organisational decision-making

Topics covered are as follows:

- The supply curve
 - Producer surplus
 - Productivity
 - Costs
 - Revenues
 - Profit maximisation
 - Price elasticity of supply
 - Behavioural theories of the firm
 - Growth maximisation
 - Profit satisficing
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Module 5: Market Structure

The aim of this module is to understand the market structure in which a business operates, with the market structure being defined as the level of competition within an industry.

At the end of this module students will be able to:

- Identify different types of market structures
- Understand how the interrelationships between buyers and sellers affect profits.
- Predict likely outcomes from price changes and how it will impact revenues and profitability.

Topics covered are as follows:

- Perfect Competition
 - Monopoly
 - Monopolistic Competition
 - Oligopoly
 - Pricing Strategies
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Module 6: The Labour Market and the Capital Market

The aim of this module is to provide students with an understanding of the demands of firms. In order to provide goods and services, firms need workers (Labour) and finance (Capital).

At the end of this module students will be able to:

- Understand firms' demand for labour.
- Determine how wage rates are set in the market.
- Understand firms' demand for capital.
- Determine how firms make decisions on investment and where they can source the finance needed.

Topics covered are as follows:

- Perfect Labour Markets
 - Imperfect Labour Markets
 - The Supply and Demand for Labour
 - Wage Rates
 - Capital Rent
 - Capital Investment
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Module 7: The Role of Government

The aim of this module is to look at how and when governments may intervene in the market; and how these interventions will affect the behaviour of a firm.

At the end of this module students will be able to:

- Understand the circumstances in which governments may intervene in the market mechanism.
- Critically appraise the different techniques that governments use to resolve market failures and income inequalities.

Topics covered are as follows:

- Market Failures
 - Imperfect Markets
 - Externalities
 - Public Goods
- Government Intervention
 - Taxes and Subsidies

- Regulations and Price Controls
 - Nationalisation and Privatisation
 - Income Distribution
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Module 8: The Macroeconomic Environment

The aim of this module is to explain the macroeconomic environment and how it will affect the decision making of the firm.

At the end of this module students will be able to:

- Understand how the macroeconomic environment is made up of many macroeconomic variables that are all interrelated.
- Critically appraise the different macroeconomic scenarios and generate appropriate responses for the firm.

Topics covered are as follows:

- Economic Growth
 - Unemployment
 - Inflation
 - The Circular Flow of Income
 - The Multiplier
 - Aggregate Demand
 - Aggregate Supply
 - Balance of Payments
 - Government Budget
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Module 9: Macroeconomic Policy

The aim of this module is to provide an overview of the different approaches that governments can take to steer the economy.

At the end of this module students will be able to:

- Critique the fiscal policy undertaken by government to boost or restrict an economy, how those decisions impact a firm, and how to react.
- Critically appraise the money supply and interest rate decisions made and provide relevant responses for firms to take in response.
- Understand how Supply-Side policies can increase productivity, competition and innovation in the wider economy.

Topics covered are as follows:

- Fiscal Policy
 - Government Spending
 - Taxation
- Monetary Policy
 - Interest Rates
 - Money Supply

- Supply-Side Policy
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Module 10: International Trade and Globalisation

The aim of this module is to provide an understanding of international trade. This ranges from import/export of goods and services to setting up production facilities abroad.

At the end of this module students will be able to:

- Understand how businesses are affected by international trade.
- Appraise the advantages and disadvantages of free trade amidst fears of job losses around the world.

Topics covered are as follows:

- Absolute Advantage
 - Comparative Advantage
 - The Advantages and Disadvantages of Trade
 - Protectionism
 - Globalisation
 - Trading Blocs
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Module 11: Research Activity

The aim of this module is to bring all the aspects of the course together.

At the end of this module students will be able to:

- Apply the knowledge learned during the course to a business of their choice.

All topics from Module 1-10 will be included. Students will be able to use the integrative case study provided with every module as a template for their own research. The assessment will be based around this research.

Module 12: Preparing for your exam

The aim of this module is to help students prepare for a successful exam. Practical advice on how to get ready for the exam is provided, along with practice examinations that are the same standard as the actual examinations.

ASSESSMENT

The course is assessed by final examination, accounting for 100% of the overall mark. The exam is closed book. There is no choice in the selection of questions to be answered.

The paper is in two sections:

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| 1. | 20 Multiple choice questions each worth 2 marks. | 40% |
| 2. | 6 essay questions each worth 10 marks. Candidates apply theory from the course to business situations. | 60% |