**Economics for Business**

To provide learners with the knowledge and understanding of the economic environment and its impact on how businesses operate.

**Indicative Content**

**1. Understand the micro-economic business environment**

The definitions, concepts and application of the following: Micro economics, Supply and demand, Price determination, Changes in market price, Elasticity of supply and demand, Total, average and marginal revenue, Factors of production, Diminishing returns, Limited resources, Changes in quantity.

* Importance of micro-economic environment
* Business objectives and behaviour: Maximising objectives, Non-maximising objectives, Ethics and profit, Purpose of organisations, Corporate governance, Business behaviour, Product life cycle, Organisational size, Organisational structure – sole trader, partnership, companies, mergers, third sector organisation.
* Market structures: Perfect competition, Monopoly, Monopolistic competition, Oligopoly, Labour and factor markets (UK / EU labour market regulation), Market failure, Market regulation, Competition.

**2. Understand the macro-economic environment in which businesses operate**

* The definitions, concepts and application of the following: Macro-economics, Measurement and issues, Data sources and reliability, Equilibrium and circular flow, Multiplier, Inflation, Deflation.
* Government policies and their impact: Fiscal policy, Monetary policy, Taxation, Expenditure, Interest rates, Aggregate demand and supply, Supply side policies, Inflation, Unemployment, Balance of payments, Economic growth.
* External Environment: SWOT analysis (Strengths, Weaknesses, Opportunity, Threats), Market research, for example customer opinion surveys, Observation of market activities, for example; competitor actions, current social concerns, proposed government legislation, Business and trade publications, for example keynote reports, Central Government publications, for example Social and regional Trends.

**3. Understand the implications for business organisations of operating in the international economic environment**

* International Environment: Multinational operations, International trade, Exchange rates, Free trade and protectionism, Trade agreements, Emerging markets e.g. BRIC, Trading blocs e.g. EU, Geographical Areas, for example: European Union, North America, East and South East Asia.
* International Organisations, for example: World Trade Organisation, World Bank, International Monetary Fund.
* Global Monetary Systems.
* Implications: Dealing with local competition, operating in emerging economies, Understanding the challenges of different economic systems, Growth and downturns in the global economy, Global competition, Strategic foreign exchange issues, Global collaboration, Sustainability issues.