

BS2240 – BUSINESS ECONOMICS

Module Number: BS2240
Module Title: Business Economics
Number of Aston Credits: 10
Total Number of ECTS Credits: 5
(European Credit Transfer)

Staff Member Responsible for the Module:

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Availability: Please make appointments through WASS or contact Group Administrator, Lynne Woolley, SW907B, Extension, 3038

Pre-Requisite(s) for the Module:

BS1102 - Economic Environment of Business or equivalent introductory economics course

Module Learning Outcomes:

The main aim of this module is to develop the ability of students to apply economic understanding and knowledge in examining and assessing the macroeconomic and microeconomic environment of business and the strategic implications for businesses of changes in the economic environment. It will build on the introductory course in economics in the first year and develop the relevant additional theoretical knowledge and demonstrate its application.

Upon successful completion of the module students will be able to:

- (a) assess the effects of the major elements of the macroeconomic and microeconomic environment for businesses and their strategies;
- (b) understand the nature of macroeconomic forecasts and how the main macroeconomic variables affect a business enterprise, and
- (c) understand the factors which affect the nature of competition and competition policy and how they affect the strategies and performance of business enterprises.

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Module Content:

Assessing the Macroeconomic Environment

- Week 1 Introduction
Direct and indirect macro-economic influences on a business enterprise.
- Week 2 Macro-economic activity, incomes and the growth of demand in particular markets.
Business forecasting and scenario planning.
- Week 3 The level of consumers' expenditure. The basic consumption function and alternative explanations. The consumption function relationships in UK macro-economic models. Recent changes in consumers' expenditure and the savings ratio. Deregulation and uncertainty.
- Week 4 The exchange rate, the balance of payments and international capital flows and interest rates. Implications of currency value changes for business enterprises. Competitiveness.
- Week 5 Investment by business enterprises and the macro-economic environment.
The closed and open economy models.
Public Sector finances, the importance of and constraints on economic policy.
Monetary and fiscal policies in closed and open economies – alternative models.
- Week 6 Inflation, unemployment and economic activity; the need to understand and forecast inflation; employment and the labour market.
Overview of assessing the macroeconomic environment

Assessing the Market Environment

- Week 7 Introduction and review of basic theory on market structures.
Structure of industry, behaviour and performance of firms and the competitive process – the structure – conduct – performance model.
- Week 8 Critique of the structure – conduct – performance model.
Nature of competition and its relationship to market structure and other factors.
Retail petrol supply case study.
- Week 9 Entry barriers, new entrants and the competitive process.
Entry of Orange into the UK mobile phones market and later structural changes in the sector case study.

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Week 10 Contestability and the competitive process.
Competition in the US and European airline industries case study.

Week 11 Competition policy.
Microsoft case study.

Weeks 12 & 13 Examination weeks

International Dimensions:

A key component of the macroeconomic part of the module is to assess the implications of changes in the exchange rate for international competitiveness and companies' policies on pricing of exports and sourcing of components and services. In the microeconomic part of the module, a number of case studies used in lectures and coursework have international dimensions (e.g. international airline industry, Vodafone and Microsoft).

Corporate Connections:

The module uses a number of business case studies, videos and examples (e.g. on entry of Orange into the mobile telecommunications market, effect of the strong £ on company profits and strategy and the competitive strategies of companies in the airline, retail petrol and telecommunications sectors). Half the module (macroeconomics) is taught by a colleague who worked as a forecaster for a car company and was a member of the ITEM (Independent Treasury Model Forecasters) Club before joining the Business School. The lectures and computer based exercise on macroeconomics focus on the role of macroeconomic forecasting in forming company strategy.

Links with research:

Teaching on this module is informed by the Module leader's research and consultancy in the areas of technology based collaboration between firms in industrialised and emerging economies, development of capability and competitiveness of firms in emerging economies, responses of businesses to changes in the economic environment and planning and implementation of development projects.

Learning and Teaching Rationale and Methods:

The rationale is to develop students' abilities in understanding and applying economic concepts and theories in the context of business. Lectures provide an introduction to and critical appraisal of relevant models and theories. They also illustrate their application by relating them to developments at the macroeconomic and sectoral levels. In tutorials students will be grouped into syndicate groups to work on simplified models of the UK economy and a car company to assess the implications for a business of changes in the macroeconomy and the competitive environment. This work complements the lectures on the implications for businesses of the macroeconomy and the market environment.

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Composition of learning hours

Lectures	11
Tutorials	11
Work related to tutorials (including group work for assessed presentation)	36
Reading	24
Revision	16
Assessment (examination component)	2
Total	100

Contact and directed learning

Lectures
Computer based exercise in tutorials
Presentations on computer based exercise
Examination

Indirect learning

Work on computer based exercise outside tutorials
Preparation for presentations on the computer based exercise (individually and in syndicate groups)
Exam revision
Reading

Ethical Approval:

This module does not require any primary research and no ethical approval will be necessary.

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Assessment and Feedback Rationale and Methods:

The assessment for this module is in two components.

The first component is a group presentation on tutorial work in weeks 10 and 11. The presentation will be marked with a higher emphasis on content than on style. The principal aim of this component is to assess the students' ability to comprehend and apply the relevant knowledge. A secondary aim is to develop and test their ability to undertake collaborative work. Students will be asked to submit copies of the presentation and any supporting material at the time of the presentation. The assessment will be based on the actual presentation and any supporting material submitted.

The second component will be a two hour open book examination. The purpose of this component is to test the students' comprehension of concepts and models and their relevance.

The first component (group presentation) is weighted 25% and the second component (open book examination) is weighted 75%.

Feedback on the group presentations will be provided via Blackboard. Students are encouraged to utilise lecturer office hours to obtain more detailed feedback and advice.