

Economics of Business Environment

Unit Title:	Economics of Business Environment
Course Code:	EBE 501
Pre-requisites:	None
Co-requisites:	None
Level	MBA Level 1
Faculty	Dr. Alexander Mosesov

INTRODUCTION

Business does not operate in a vacuum. Firms are subject to a complex network of external factors, chief among which are economic influences. This course provides students with an overview of the economic environment within which businesses operate, as well as an understanding of some basic analytical tools which economists use to resolve business and economic problems. Carefully selected topics relevant to real-world issues and problems provide the focus for in-class discussion.

The most successful business professionals, whether they are specialists in sales, planning, personnel, finance or production, are those who can understand the implications of developments in the economics environment for their own particular business and devise an appropriate strategy. The focus is to enable students to identify, understand and evaluate the local, national, and global factors causing economic change. Accordingly, this unit provides crucial background for other parts of the programme and encourages students to position themselves in a wider business context.

COURSE OBJECTIVES

The EBE course aims to equip the student with an understanding of the complex relationship between the external economic environment and the business organisation. This unit is designed for the graduate students who do not necessarily possess prior knowledge of economics and consequently it covers a great deal of challenging work within a concentrated time span. The approach is comprehensive, combining micro-, macro-, and international economics and drawing wherever possible upon links with other units.

Upon completion, students are expected to be familiar with the fundamental concepts of economics, and to be able to analyze how changes in the economic environment affect business performance and future strategic options. Course objective guides students to mastery of:

- mechanism of price/quantity determination under both perfect and imperfect competition;
- alternative concepts of firms, as well as their internal and external fit to consumer demand, market competition, government regulations, and other elements of economic environment.
- the relationship between price, costs and revenues under various market structures;
- nature and interaction between key macro-economic variables, such as output, consumption, investment, unemployment and inflation.
- assess the various policy alternatives open to economic decision makers.

THE MODULE CONTENT

- 1.** Demand and Supply
- 2.** Elasticity
- 3.** Theory of the Firm
- 4.** Costs and Revenues
- 5.** Perfect vs. Imperfect Competition
- 6.** Factor Markets
- 7.** National Income Determination
- 8.** Business Cycles
- 9.** Unemployment and Inflation
- 10.** Money and Monetary Policy
- 11.** Economic Growth
- 12.** International Trade

ACHIEVING THE OBJECTIVES

The teaching strategy combines traditional lectures and seminars with a student-centred interactive approach to learning. The module is designed around a core text (Economics by John Sloman). Prior to each lecture students are directed to pre-reading of relevant sections from the core text. The lectures themselves are intended to set the parameters for a particular subject, to highlight the key points and to clarify areas in which students are likely to encounter problems during their reading.

CORE TEXT

Economics by Sloman J, 4th Ed. FT Prentice-Hall

ADDITIONAL AND RECOMMENDED RESOURCES

The following additional texts will aid students in their preparation for seminar discussions and supplement their background reading.

Economics

Begg D, Fischer S and Dornbusch R
(Latest Edition)
McGraw Hill
ISBN 0-07-707831-4

The Crisis in Economic Theory

Bell D and Kristol I
Basic Books Inc
Harper Colophon Books 1981
ISBN 0-465-01476-3

Managerial Economics (Latest Edition)

Davies H
Pitman ISBN 0-273-03510-X

Micro-economics

Katz M and Rosen H
Irwin ISBN 0-256-06457-1

Micro-economics for Business Decisions

Solberg E
D C Heath and Company
ISBN 0-669-16705-3