

APPLY ECONOMICS SKILLS

UNIT CODE: BUS/OS/AC/CC/02/6

UNIT DESCRIPTION

This unit specifies the competencies required to apply economics skills. It involves; making optimal use of resources in business set up, applying concept of demand in market analysis, applying concept of supply in market analysis, setting prices of the products, applying law of diminishing returns, differentiating market structures, understanding economic cycles and trends, understanding financial markets, providing solutions to prevailing inflation and unemployment in the economy and understanding international trade .

ELEMENTS AND PERFORMANCE CRITERIA

| ELEMENT These describe the key outcomes which make up workplace function . | PERFORMANCE CRITERIA These are assessable statements which specify the required level of performance for each of the elements. <i>Bold and italicized terms are elaborated in the range.</i> |
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| 1. Demonstrate understanding of economic concepts | 1.1 Economic concepts are identified as per the organizational requirements. 1.2 Economic methodology is selected as per organizational requirements. 1.3 Required economic resources are identified as per the business needs. 1.4 Economic systems are developed as per the organizational requirements 1.5 Available resources are identified as per the organization capacity. 1.6 Resources are utilized effectively as per the financial objectives. |
| 2. Apply concept of demand in market analysis | 2.1 Market demand dynamics are determined in line with business objectives. 2.2 Factors affecting demand are outlined as per the organizational policy. 2.3 Demand curve is derived as per market trends. 2.4 Decisions are made in line with elasticity of demand. |
| 3. Apply concept of supply in market analysis | 3.1 Market demand dynamics are determined in line with business objectives. 3.2 Factors affecting supply are outlined as per the |

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| | <p>organizational policy.</p> <p>3.3 Supply curve is derived as per market trends.</p> <p>3.4 Decisions are made in line with elasticity of supply,</p> |
| 4. Set prices of the products | <p>4.1 Pricing framework is developed as per organizational financial objective.</p> <p>4.2 Customer purchasing habits are determined in line with market trends.</p> <p>4.3 Overall costs are determined in line with financial objectives.</p> <p>4.4 Projected revenues are determined as per desired profitability.</p> <p>4.5 Costs and revenues are benchmarked in line with the industry.</p> <p>4.6 Equilibrium price is established as per the market trends.</p> <p>4.7 Recommendations are made in line with the organizational policy.</p> |
| 5. Apply theory of consumer behaviour | <p>5.1 Consumer behavior approaches are identified as per organizational needs.</p> <p>5.2 Consumer utility is analyzed as per organizational requirements.</p> <p>5.3 Consumer equilibrium is analyzed based on the income and prices</p> <p>5.4 Indifference curves are applied</p> |
| 6. Apply production theory | <p>6.1 Mobility of factors of production is determined as per organizational requirements.</p> <p>6.2 Output units are determined as per organizational resources.</p> <p>6.3 Stages of production are identified as per organizational product.</p> <p>6.4 Long run production is analyzed as per the organizational objectives</p> |
| 7. Apply theory of costs | <p>7.1. Production costs are classified as per organizational policy.</p> <p>7.2. Cost curves are analyzed as per organizational policy.</p> <p>7.3. Optimal size of the firm is determined based on economies of scale.</p> |
| 8. Differentiate market structures. | <p>8.1. Market structures are selected as per organizational requirement.</p> |

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| | 8.2. Market output and prices are determined |
| 9. Demonstrate understanding of national income | 9.0 National income concepts are determined 9.1 Circular flow of income is drawn as per the national economic policy 9.2 National income methods are selected based on the measurements 9.3 National income statistics are applied as per the national economic policy 9.4 National income equilibrium is determined. |
| 10. Demonstrate Understanding of money and banking | 10.0 Features of money are identified as per the SOPs 10.1 Demand and supply of money is determined as per the SOPs 10.2 <i>Financial institutions</i> are identified as per the SOPs |
| 11. Demonstrate Understanding of Inflation and unemployment | 11.0 Inflation causes are classified as per the SOPs 11.1 Inflation effects are identified as per the SOPs 11.2 Measures of inflation control are determined 11.3 Unemployment causes are identified as per the SOPs 11.4 Unemployment control measures are determined as per the work place requirement |
| 12. Demonstrate understanding of international trade | 12.0 International trade theories are identified as per the SOPs 12.1 International balance trade is determined as per the SOPs 12.2 International balance of payment is determined as per the SOPs 12.3 Exchange rates are determined as per the SOPs 12.4 Economic integration and regional grouping are evaluated as per the SOPs 12.5 International financial institutions are selected as per the SOPs |

RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

| Variable | Range |
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| <ul style="list-style-type: none"> Market structures include but not limited to: | .1 Monopoly .2 Perfect competition .3 Monopolistic competition .4 Oligopoly .5 Duopoly |
| <ul style="list-style-type: none"> Financial institutions include but not limited to: | .1 Regulatory bodies-Central bank, CMA,IRA,SASRA .2 Banking institutions .3 Non-banking financials |
| <ul style="list-style-type: none"> Costs include but not limited to: | .1 Fixed costs .2 Variable costs .3 Total cost .4 Opportunity costs .5 Marginal cost |

REQUIRED KNOWLEDGE AND UNDERSTANDING

The individual needs to demonstrate knowledge of:

- Economics
- Computer Operations
- Bank operational procedures
- Legal operating environment
- Banking policies and procedures
- Market trends
- Financial markets

SKILLS

The individual needs to demonstrate the following skills:

- Interpersonal
- Critical thinking
- Communication
- Evaluation.
- Analytical

EVIDENCE GUIDE

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

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| 1. Critical Aspects of | Assessment requires evidence that the candidate: |
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| Competency | <ul style="list-style-type: none"> 1.1 Demonstrated understanding of economic concepts 1.2 Applied concept of demand in market analysis 1.3 Applied concept of supply in market analysis 1.4 Demonstrated the ability to set prices of the products 1.5 Demonstrated the ability to apply theory of consumer behaviour 1.6 Demonstrated the ability to apply production theory 1.7 Demonstrated the ability to apply theory of costs 1.8 Demonstrated the ability to differentiate market structures. 1.9 Demonstrated understanding of national income 1.10 Demonstrate Understanding of money and banking 1.11 Demonstrated understanding of Inflation and unemployment 1.12 Demonstrated understanding of international trade |
| 2. Resource Implications | <p>The following resources must be provided:</p> <ul style="list-style-type: none"> 2.1 Exchange rate charts |
| 3. Methods of Assessment | <p>Competency may be accessed through:</p> <ul style="list-style-type: none"> 3.1 Written tests 3.2 Oral questioning 3.3 Third party reports 3.4 Observation |
| 4. Context of Assessment | <p>Competency may be assessed:</p> <ul style="list-style-type: none"> 4.1 On the job 4.2 Off the job 4.3 In work placement (attachment) 4.4 Off the job assessment must be undertaken in a closely simulated workplace environment |
| 5. Guidance information for assessment | <p>Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.</p> |