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| Title: | **Understanding the economics of the marketplace**  |
| Level: | 4 |
| Credit value: | 6 |
| Unit guided learning hours | 10 |
| Learning outcomes (the learner will) | Assessment criteria (the learner can) |
| 1. Understand economic principles to explain how prices are determined in an organisations market
 | 1.11.21.3 | Evaluate the factors affecting the prices of goods or services in the market in which the organisation operates, using micro economic principlesEvaluate the impact of market conditions on the organisations financial performanceEvaluate the responsiveness of consumers and suppliers to price changes in the organisations market |
| 1. Understand economic principles to explain the impact of competition on an organisations market
 | 2.12.2 | Describe the current barriers to entry and exit for the market in which the organisation operates, for new and existing suppliersEvaluate the implications the competitive environment has for the organisations prices and financial performance |
| **Additional information about the unit** |  |
| Unit purpose and aim(s) | To enable learners to understand the economics of the marketplace. |
| Details of the relationship between the unit and relevant national occupational standards or professional standards or curricula (if appropriate) | Links to Management & Leadership 2004 NOS: B2 |
| Assessment requirements or guidance specified by a sector or regulatory body (if appropriate) |  |
| Support for the unit from a sector skills council or other appropriate body (if required) | Council for Administration (CfA) |
| Equivalencies agreed for the unit (if required) | M4.22 Understanding the economics of the marketplace |
| Location of the unit within the subject/sector classification system | 15.3 Business Management |
| **Additional Guidance about the Unit** |
| **Indicative Content:** |
| 1 | * Economic principles and determinates of supply and demand
* Use of demand and supply curves to illustrate price equilibrium
* Increases and decreases in supply and demand, and their impact on equilibrium price
* Concept, types, determinates and implications of elasticity of supply and demand
* Industrial (Business to Business) and consumer (Business to Consumer) markets and the implications of consumer price and income elasticity on markets further up the supply chain
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| 2 | * Models of market competition (perfect and imperfect competition, monopoly and oligopoly) and their impact on price and financial performance
* The nature and impact of barriers to entry and exit to the market for new suppliers
* Likely economic, political, social and technological developments and their potential impact on the market
* Indicators of financial performance such as Gross profit margin, Operating margin, Net profit margin, Return on capital employed
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