

SQA Advanced Unit Specification

General information

Unit title: Economic Issues: An Introduction (SCQF level 7)

Unit code: J461 47

Superclass: EB

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Unit purpose

This unit introduces learners to fundamental issues in economics with a particular emphasis on the business environment. Learners will consider the basic economic problem, how consumers and other economic agents address this problem, and how markets can be used to allocate resources. Learners are introduced to the operation of markets and actions that can be taken to help avoid market failure. The unit introduces the theory of national income and the circular flow of income model.

Outcomes

On successful completion of the unit, the learner will be able to:

1. Explain the allocation of resources within the economy.
2. Explain the theory of national income.
3. Explain and evaluate the role of government policy in correcting market failures.

Credit points and level

1 SQA unit credit at SCQF level 7: (8 SCQF credit points at SCQF level 7).

Recommended entry to the unit

Entry to this unit is at the discretion of the centre, but it would be beneficial for learners to have competence in numeracy and communication. This may be demonstrated by possession of the

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Core Skill *Numeracy* at SCQF level 4 and/or the Core Skill *Communication* at SCQF level 5 or equivalent.

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the **support notes section** for this unit specification.

There is no automatic certification of Core Skills or Core Skill components in this unit.

Context for delivery

If this unit is delivered as part of a group award, it is recommended that it should be taught and assessed within the subject area of the group award to which it contributes.

This unit is designed to introduce learners to fundamental issues in economics with a particular emphasis on the business environment. This unit is a mandatory unit within SQA Advanced Certificate/Diploma in Business (GM8A 47 and GM8Y 48) and as such as a part of that group award it is designed to provide learners with the knowledge and skills for further study or employment in the context of economics. This unit may form part of other group awards or be delivered on a standalone basis.

The assessment support pack (ASP) for this unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>).

Equality and inclusion

This unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods, or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

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Statement of standards

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Acceptable performance in this unit will be the satisfactory achievement of the standards set out in this part of the unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Where evidence for outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Learners should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Explain the allocation of resources within the economy.

Knowledge and/or skills

- ◆ the basic economic problem
- ◆ opportunity cost
- ◆ determinants of demand and supply
- ◆ interaction of demand and supply
- ◆ price and income elasticity

Outcome 2

Explain the theory of national income.

Knowledge and/or skills

- ◆ circular flow of income
- ◆ injections and withdrawals
- ◆ multiplier
- ◆ measures of national income
- ◆ difficulties in measuring national income
- ◆ comparison of national income between countries
- ◆ national income growth measured in monetary and real terms

Outcome 3

Explain and evaluate the role of government policy in correcting market failures.

Knowledge and/or skills

- ◆ the role of government in correcting market failures
- ◆ current government policy
- ◆ government policy instruments
- ◆ evaluation of government policy

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Evidence requirements for this unit

Learners will need to provide evidence to demonstrate their knowledge and/or skills across all outcomes by completing a closed-book examination covering all three outcomes.

The examination must meet the following requirements:

1. The examination will be conducted under supervised closed-book conditions without access to any notes or reference materials.
2. The examination paper will contain questions that cover all three outcomes with an appropriate balance of marks allocated to the questions for each outcome. Table 1 provides guidance on approximate weightings.
3. The paper will contain a total of 60 marks.
4. Different forms of question should be used which will include a balance of low mark, medium mark and higher mark questions. No individual part of a question will exceed a value of 12 marks.
5. Only full marks should be awarded with no half marks being used.
6. The standard completion time for the examination will be 90 minutes.
7. The pass mark will be 30 marks (50%), regardless of the distribution of the marks gained across the examination paper.
8. No remediation is permitted.

Evidence requirements	Approximate weighting %
<p>Outcome 1</p> <p>Explain the allocation of resources within the economy.</p> <p>Where a resit examination is required the form of elasticity not selected on the first assessment should be assessed in the second assessment.</p> <ul style="list-style-type: none">◆ explain with an example the basic economic problem◆ explain with an example the concept of opportunity cost◆ identify changes to demand and supply when two determinants for each are altered◆ explain with the aid of a diagram/graphical information the interaction of demand and supply in a given scenario◆ explain the concepts of price elasticity of demand or income elasticity of demand in a given scenario	45%

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Evidence requirements	Approximate weighting %
<p>Outcome 2</p> <p>Explain the theory of national income.</p> <p>The first two bullet points listed under knowledge and/or skills must be available for assessment on each assessment occasion:</p> <ul style="list-style-type: none"> ◆ with reference to a diagram explain the operation of the circular flow of income including an explanation of the influence played by the injections and withdrawals ◆ explain weaknesses of the circular flow of income model <p>The remaining knowledge and/or skills will be provided on a sample basis with two of the remaining five knowledge and/or skills items being available for assessment on each assessment occasion:</p> <ul style="list-style-type: none"> ◆ explain the multiplier effect on national income ◆ describe different ways that national income is measured ◆ describe difficulties in measuring national income ◆ identify and explain difficulties in comparing national income between countries ◆ explain national income growth both in monetary and real terms 	<p style="text-align: center;">35%</p>
<p>Outcome 3</p> <p>Explain and evaluate the role of government policy in correcting market failures.</p> <p>Either the first bullet point on its own, and/or the second, third and fourth bullet points together listed under knowledge and/or skills must be available for assessment on each assessment occasion:</p> <ul style="list-style-type: none"> ◆ explain the role of government in correcting market failures ◆ select one current government policy on either welfare, competition or the environment, and accurately explain the policy selected ◆ identify and describe the instruments used to achieve the policy ◆ evaluate the success or failure of the policy in relation to its use within the UK 	<p style="text-align: center;">20%</p>

Support notes

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Unit support notes are offered as guidance and are not mandatory.

While the exact time allocated to this unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this unit

Teaching of this unit should be based around practical applications of the content of each of the outcomes. Where possible the use of issues within the current economic environment should be referred to in order to illustrate theoretical concepts. Frequent reference to current relevant articles and/or the web should be used in the delivery of this unit, and learners should have the opportunity to research current information from a variety of sources. The use of educational websites can provide a valuable resource, containing up-to-date data, notes, articles, activities and exercises, and the use of such sites is encouraged. The use of such materials can ensure that learners participate in learning more effectively.

Learners should be provided with support on exam technique, including time management and practice questions.

Outcome 1 introduces the basic economic problem of scarcity, choice and the allocation of resources. This allocation should be investigated using markets as an example of such a system of allocation. Learners will have to spend time considering the concepts of supply and demand, their determinants, and interaction. Examples should be used to illustrate these concepts including the use of schedules and graphical representation of the interaction of these forces.

Learners should understand what causes demand and supply to alter, the effects of such changes, and how equilibrium returns. Diagrams/graphical information should be introduced to enhance the learners' knowledge and understanding, and learners should become comfortable with the representation of demand and supply data in graphical format.

The concept of elasticity can be explained with reference to real life scenarios. A particular emphasis should be placed on price and income elasticity of demand, although other elasticities could also be covered if time permits.

Outcome 2 brings the basic economic problem to a macro level — how national income (NI) is calculated and the problems within that calculation, as well as the problems of using NI statistics for comparisons. These comparisons could be highlighted through case studies of different countries to show measures of wealth. Reliable up-to-date data should be accessed via the web.

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The understanding of the equilibrium in national income could be illustrated through diagrams, eg circular flow; 45 degree line; $w=j$. The concept of the multiplier and its impact on national income in the circular flow should be explained. Criticisms of the circular flow model will be identified.

Outcome 3 provides opportunities for groupwork among learners. Learners may conduct research into market failures, and be encouraged to find examples, including government responses and actions. These responses and actions can then be evaluated in class activities. Learners must be able to explain why markets fail and how governments attempt to correct such failures.

By examining welfare, competition and environmental policy, learners should be able to explain why and how markets fail and how governments attempt to address such failures.

Guidance on approaches to the delivery of this unit

The starting point for the delivery of this unit will normally be outcome 1. Outcome 3 may be seen as a natural follow up to outcome 1. Having considered the basic economic problem and how markets may be used as a means to allocate resources, the consideration of market failures flows well from this. If adopting this order, learners may be tasked with conducting research outside class on market failures, and government policy on competition, welfare or the environment. This research could be spread over two weeks, while outcome 2 is considered in class.

Time must be built into the course to allow for examination preparation, a suggested delivery schedule is included within table 2 below. The schedule will depend on the timetabling of the unit by the centre and the number of weeks over which delivery and assessment takes place.

Table 1

Introduction to unit. Basic economic problem, scarcity, choice, opportunity cost and economic systems.
Introduction to markets: supply and demand. Demand, definitions, charts, determinants. Shifts in demand, contractions and extensions of demand.
Supply, definitions, charting, determinants, contracts and extensions of supply.
Interaction of supply and demand. Determination of equilibrium and price mechanism. Elasticities of demand including price and income elasticity.
Market failure and government role in dealing with it. Researching a government policy relating to competition, welfare or the environment. Research task for students.
National income accounting and circular flow of income.
Measurement issues and comparison, multiplier effect and diagram.
Revisit market failure and discuss research, public goods, merit goods, externalities and imperfect competition.
Revision activity, covering all areas.

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Review of revision activity results.
Examination
Results and planning of resit if required.

Guidance on approaches to assessment of this unit

Evidence can be generated using a closed-book examination. The evidence requirements section of this specification sets out criteria which must be complied with when assessing this unit.

Note that where reassessment has to take place a different set of questions must be used on the second sitting.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met.

Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this unit. By e-assessment, we mean assessment which is supported by Information and Communication Technology, such as e-testing or the use of e-portfolios or social software. Centres wishing to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment — as specified in the evidence requirements — are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at: www.sqa.org.uk/e-assessment

Opportunities for developing Core and other essential skills

There are opportunities to develop the following:

The component Written Communication (Reading) of the Core Skill *Communication* at SCQF level 6

All three outcomes, and the evidence requirements associated with them, may contribute to aspects of this Core Skill. In all cases, the Core Skill could be developed without formal certification. Learners taking this unit are expected to read and understand complex written information — the general skill of this component. They are expected to make use of economic concepts and will have to read relevant material relating to these ideas. This information may be obtained from textbooks, articles and websites which contain complex subject specific material. Learners will have to evaluate how well materials meet their needs. Learners will be required to read and prepare notes from such sources which will require that they identify and summarise relevant ideas and supporting details through their reading of the information available. Learners will have to prepare for a written examination, this will include revision planning, reading and summarising of notes and other materials.

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The component Written Communication (Writing) of the Core Skill *Communication* at SCQF level 6.

The evidence requirements for this unit requires learners to produce extended pieces of writing. The written communication should present an analysis and evaluation of economic concepts and government policy. Responses should be clear, structured in a logical and coherent manner and demonstrate the correct use of economic terms. A balanced appraisal of economic issues should be provided and will be based on a description and explanation of government policy.

The component Critical Thinking of the Core Skill *Problem Solving* at SCQF level 5.

The examination will provide the opportunity for learners to analyse a situation or situations, and to clarify the relationship between variables. These variables will include demand and supply, and the different leakages and injections in the circular flow of income. They should evaluate the situation and draw conclusions from their analysis.

History of changes to unit

Version	Description of change	Date

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

Further information

Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

General information for learners

Unit title: Economic Issues: An Introduction (SCQF level 7)

This section will help you to decide whether this is the unit for you by explaining: what the unit is about; what you should know or be able to do before you start; what you will need to do during the unit; and opportunities for further learning and employment.

This unit introduces you to fundamental issues in economics with a particular emphasis on the business environment. You will learn about the basic economic problem and how consumers and other economic agents address this problem. You will learn about the operation of markets and what can be done to help avoid market failure. You will be introduced to national income and its importance in government policy, and to the Keynesian model of the circular flow of income.

The unit has three outcomes of learning introducing you to:

- ◆ the allocation of resources within the economy
- ◆ national income and its importance
- ◆ the role of government policy in correcting market failures

You will develop some research skills and gain a clear understanding of the importance of economic issues within the business environment.

To achieve this unit you will have to complete a closed-book examination. You must gain at least a 50% mark in this examination in order to pass the unit.

In undertaking this unit there are opportunities to develop the Core Skill of *Communication* at SCQF level 6 and the Core Skill *Problem Solving* at SCQF level 5, although there is no automatic certification of Core Skills or Core Skills components.