

SQA Advanced Unit Specification

General information for centres

Unit title: Economic Issues: An Introduction

Unit code: HP6T 47

Unit purpose: This Unit introduces candidates to fundamental issues in economics with a particular emphasis on the business environment. Candidates will learn about the basic economic problem and how the consumer and other economic agents address this problem. Candidates 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.

On completion of this Unit, the candidate should 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 the UK market.

Credit points and level: 1 SQA Credit at SCQF level 7: (8 SCQF credit points at SCQF level 7*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from National 1 to Doctorates.*

Recommended prior knowledge and skills: Entry to this Unit is at the discretion of the centre, but it would be beneficial for candidates to have competence in numeracy and communication. This may be demonstrated by possession of the Core Skill *Numeracy* at SCQF level 4 and/or the Core Skill *Communication* at SCQF level 5 or equivalent.

Core Skills: There are opportunities to develop the Core Skills of *Communication* at SCQF level 6 and *Problem Solving* at SCQF level 5 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

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.

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Assessment: This Unit may be assessed using an integrative assessment approach for Outcomes 1 and 2, or by using an individual instrument of assessment for each Outcome. Controlled conditions are required where sampling takes place. Assessments may involve the use of stimulus materials and if appropriate, candidates may bring with them a defined amount of notes as source material for assessment undertaken under controlled conditions.

Outcomes 1 and 2 will be assessed using specific questions which may be based upon stimulus material and must be assessed under controlled conditions. Candidates are permitted to bring with them a defined amount of notes as source material. Where the two Outcomes are assessed together in a single assessment the permitted notes for each Outcome should be combined.

Outcome 3 could be assessed under open-book conditions and may take the form of a short investigative exercise with a suggested word guide of approximately 800 to 1,000 words in length excluding any appendices.

Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

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. Candidates 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

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ 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 and income elasticity of demand in a given scenario

Evidence will be generated through assessment undertaken in supervised conditions. Candidates will be permitted to refer to the equivalent of 250 words of their own summary notes. Candidates' notes will be submitted with their response. Candidate responses should demonstrate the correct use of economic terms as appropriate.

Assessment Guidelines

Questions for this Outcome may be based upon stimulus material. Assessment could be undertaken using an integrative assessment approach with Outcome 2, or using an individual instrument of assessment for each Outcome. Where Outcome 1 is assessed on an integrated basis with Outcome 2 in a single assessment, the permitted notes for each Outcome should be combined. If assessed separately, Outcome 1 will be assessed using specific questions which may be based upon stimulus material. Centres may choose to allocate a time limit for the completion of each assessment.

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Outcome 2

Explain the theory of National Income

Knowledge and/or Skills

- ◆ Circular flow of income
- ◆ Injections and withdrawals
- ◆ Multiplier
- ◆ Measurement of national income
- ◆ Comparison of national income between countries
- ◆ National income growth measured in monetary and real terms

Evidence Requirements

Each time the Outcome is assessed candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ create a clear diagram of the Circular Flow of Income with labels showing injections and withdrawals and with reference to this diagram explain the operation of the circular flow
- ◆ describe the Injections and Withdrawals from the Circular Flow

The requirements above refer to the first two bullet points listed under Knowledge and/or Skills and must be assessed on each assessment occasion.

Evidence for the remaining knowledge and/or skills items in this Outcome will be provided on a sample basis. Evidence must be produced for two of the remaining four Knowledge and/or Skills items by showing that for the relevant items of knowledge and/or skills, candidates can:

- ◆ describe three different ways that national income is measured and a difficulty associated with each method
- ◆ explain the multiplier effect on national income
- ◆ identify and explain four difficulties in comparing national income between countries
- ◆ explain national income growth both in monetary and real terms

In order to ensure that candidates will not be able to foresee the items on which they will be questioned, a different sample of two of the last four Knowledge and/or Skills items is required each time the Outcome is assessed.

Evidence will be generated through assessment undertaken in supervised conditions. Candidates will be permitted to refer only to the equivalent of 250 words of their own summary notes and these notes should be submitted with their response. Candidate's responses should make correct use of economic terms as appropriate.

Assessment Guidelines

Questions may be based upon stimulus material. When stimulus material is used, responses should relate to that material where appropriate. Assessment for this Outcome could be undertaken using an integrative assessment approach with Outcome 1, or using an individual instrument of assessment for each Outcome. Where Outcome 2 is assessed on an integrated basis with Outcome 1 by a single assessment, the permitted notes for each Outcome should be combined. If assessed separately, Outcome 2 could be assessed using specific questions based upon stimulus material. Centres may choose to allocate a time limit for the completion of each assessment.

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Outcome 3

Explain and evaluate the role of government policy in the UK market

Knowledge and/or Skills

- ◆ The role of government in market failure
- ◆ Current Government policy
- ◆ Government policy instruments
- ◆ Evaluation of Government policy

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ explain the role of government in market failure
- ◆ 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

Candidate evidence should make correct use of economic terms as appropriate.

Assessment Guidelines

Evidence may be generated through assessment undertaken in open-book conditions.

Where stimulus material is used, responses should relate to that material where appropriate.

Assessment for this Outcome may be undertaken using an individual instrument of assessment. This may take the form of a short investigative exercise with a word guide of approximately 800 to 1,000 words in length excluding any appendices.

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Administrative information

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Version	Description of change	Date

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Unit specification: support notes

Unit title: Economic Issues: An Introduction

This part of the Unit specification is offered as guidance. The support notes 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

This Unit is likely to form part of a Group Award designed to provide candidates with the knowledge and skills for further study or employment in the context of economics. This is a mandatory Unit within SQA Advanced Certificate/ Diploma Business (GM8A 47 and GM8Y 48) but may form part of other Group Awards or be delivered on a stand-alone basis. The Unit introduces candidates to fundamental issues in economics with a particular emphasis on the business environment.

Guidance on the delivery and assessment of this Unit

Where possible the use of issues within the current economic environment should be used in teaching. Reference to current relevant articles from newspapers and/or the internet should be used in the delivery of this Unit, and candidates should have the opportunity to research current information from a variety of sources. The use of educational internet sites can prove a valuable resource, containing notes, articles and exercises, and the use of such sites is encouraged.

Outcome 1 introduces the basic economic problem of resource allocation and the consumer reaction. The concepts of supply and demand and their determinants could be approached from the consumers' point of view, with mention of marginal utility, indifference and consumers' preference theory used to enhance the candidate's knowledge.

Candidates 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 candidates' knowledge and understanding.

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 and their comparisons could be highlighted through case studies of different countries to show the measure of wealth.

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.

For Outcome 3 the role of government in the economy should be considered. Why markets fail and how governments correct this failure should be addressed.

By examining welfare, competition and environmental policy, the instruments of government and those particular to these policies can be explained and the effectiveness be evaluated. Relating this to

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current policy, eg health care for the elderly; the public transport debate, takeovers in the banking sector, allows candidates to evaluate the policies in a real and relevant environment.

Opportunities for developing Core Skills

There are opportunities to develop the Core Skill of:

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. Candidates 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. Candidates will have to evaluate how well materials meet their needs. Candidates 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.

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

Outcome 3 may be in the form of a written report based upon individual investigation. 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.

Outcomes 1 and 2 may provide the opportunity for candidates to analyse a situation or situations, and to clarify the relationship between variables. These variables may 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.

Open learning

This Unit could be delivered by distance learning. Additional planning and resources may be required for candidate support, assessment and quality assurance. Arrangements will have to be made to ensure that each Outcome is assessed adhering to the conditions established in the Evidence Requirements sections. This may mean making arrangements for an assessment centre to be available for candidates.

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.

General information for candidates

Unit title: Economic Issues: An Introduction

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 the consumer 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 the UK market

To achieve this Unit you will be asked to complete assessments that will allow the generation of evidence to meet all of the Evidence Requirements of the Unit. Each centre may vary the format of how the Unit is assessed. It might be assessed using an integrative assessment across more than one Outcome or by using an individual instrument of assessment for each Outcome. Assessments may involve the use of stimulus materials and you may be permitted to bring with you a defined amount of notes as source material for assessment undertaken under controlled conditions. The following is provided as an example of how you might be assessed.

Outcomes 1 and 2 may be assessed separately or together, but will be assessed using specific questions under controlled conditions. A time limit may be specified for the completion of each assessment. You will be permitted to refer to the equivalent of 250 words of your own summary notes per Outcome, with no other reference material permitted. Your notes will be submitted with your response.

Outcome 3 can be assessed separately and is likely to be assessed under open-book conditions. The assessment may be in the form of a short investigative exercise.

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.