



education

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SUBJECT GUIDELINES

ECONOMIC ENVIRONMENT

NQF Level 3

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INTRODUCTION

A. What is Economic Environment?

Economic Environment introduces students to the world of macro and micro-economics. Students are made aware of the workings of the South African economic system and the basics of international trade. By defining important concepts such as scarcity, choice, supply and demand, students develop an understanding of the world as set of interrelated systems.

Economic Environment develops students' skills of analysing, organising and critically evaluating information when they must assess the dynamics at play in the South African economy and business environment. In this subject, the role of government in the South African economy is identified and explained, which will encourage students to be active citizens of our country and to contribute to the prosperity of the country.

B. Why is Economic Environment important in the Finance, Economics and Accounting programme?

Regardless the degree of involvement (as an employee, owner, etc.) a sound knowledge of economics and economic principles serves as a usable foundation for all role-players involved in any organisation. Economic Environment prepares students for the world of work in general and for the execution of specific functions within a small business. The subject also encourages an understanding of broad economic principles as these apply to businesses in South Africa

C. The link between the Economic Environment Learning Outcomes and the Critical and Developmental Outcomes

In Economic Environment, students develop the skill to identify causes and provide possible solutions to problems by recognising events in the environment that could affect a business sector or industry. Students acquire the ability to interpret economic information meaningfully so that they can understand and adapt to the social environment in their future lives.

Students learn to communicate effectively by presenting information from the news of events in the physical, economic and social environments that could affect a business sector or industry. Students will eventually demonstrate an understanding of the world as a set of interrelated systems by recognising the impact that the different environments can have on a business sector or industry. Students can also explore educational and career opportunities in researching the business sector or industry and current events.

D. Factors that contribute to achieving the Economic Environment Learning Outcomes

A student interested in the field of commerce or the business world will benefit by doing Economic Environment. Furthermore, this subject can give a student insight into the economic environment in which an enterprise functions in order to make economically sound decisions.

Students who have developed specific characteristics such as creative thinking and analytical reasoning will enjoy Economic Environment. Students who have experience of being an entrepreneur can learn about the economic principles required to run an enterprise by considering current legislation.

1 DURATION AND TUITION TIME

This is a one year instructional programme comprising 200 teaching and learning hours. The subject may be offered on a part-time basis provided the candidate meets all the assessment requirements.

Course preparation should consider students with special education needs.

2 SUBJECT LEVEL FOCUS

Identify economic factors that influence the economy and perform trade calculations.

Range: Factors include production factors, role of money, financial markets, role players.

3 ASSESSMENT REQUIREMENTS

3.1 Internal assessment (50 percent)

3.1.1 Theoretical Component

The theoretical component will form 40 percent part of internal assessment.

Internal assessment of the theoretical component of Economic Environment NQF Level 3 will take the form of observation, class questions, group work (informal group competitions with rewards), group and individual discussions with students, class tests, topic tests, semester tests, internal examinations. Daily observation can be done of previous day's lesson by making use of class questions, group or individual discussions and class tests

Assignments, case studies and tests can be done at the end of a topic. Tests and internal examinations must form part of internal assessment.

3.1.2 Practical Component

Practical components include applications. All practical components must be indicated in a Portfolio of Evidence (PoE).

The practical component will form 60 percent of internal assessment.

Internal assessment of the practical component of Economic Environment NQF Level 3 will take the form of assignments, practical exercises, case studies, practical examination in a simulated business environment.

Students can complete practical exercises on a daily basis and be assessed on a daily basis. Assignments, research and case studies can be done at the end of a topic. A practical examination can form part of the internal practical assessment.

- **Some examples of practical assessments include, but are not limited to:**

- A Presentations (lectures, demonstrations, group discussions and activities, practical work, observation, role play, independent activity, synthesis and evaluation)
- B Exhibitions by students
- C Visits undertaken by students based on a structured assignment task
- D Research
- E Task performance in a simulated/structured environment

- **Definition of the term 'structured environment'**

Structured environment for the purposes of assessment refers to an actual or simulated workplace, or workshop environment. A practicum room would be advisable on each campus for students to do practical assessments.

- **Evidence in practical/application assessments**

All evidence pertaining to evaluation of practical work must be reflected in the students' Portfolio of Evidence (PoE). The tools and instruments constructed and used for the purpose of conducting such assessments must be clear from evidence contained in the PoE.

3.1.3 Processing of Internal assessment mark for the year

A year mark out of 100 is calculated by adding the marks of the theoretical component and the practical component of the internal continuous assessment.

3.1.4 Moderation of internal assessment mark

Internal assessment is subjected to both internal and external moderation procedures as contained in the National Examinations Policy for FET College Programmes.

3.2 External assessment (50 percent)

A national examination is conducted annually in October or November each year by means of a paper set, marked and moderated externally.

Details in respect of external assessment are contained in the *Assessment Guideline document for Economic Environment Level 3*.

4 WEIGHTED VALUES OF THE TOPICS

TOPICS	WEIGHTED VALUE
1. Basic economics	15
2. Financial markets and economic indicators	15
3. Current affairs related to a specific business sector (physical, socio-political, economical and institutional)	45
4. International trade calculations	25
TOTAL	100

5 CALCULATION OF FINAL MARK

Internal assessment: Student's mark/100 x 50 = a mark out of 50 (a)

Examination mark: Student's mark/100 x 50/1 = a mark out of 50 (b)

Final mark: (a) + (b) = a mark out of 100

All marks are systematically processed and accurately recorded to be available as hard copy evidence for, amongst others, purposes of moderation and verification, as well as purposes of reporting.

6 PASS REQUIREMENTS

The student must obtain at least fifty (50) percent in ICASS and fifty (50) percent in the examination.

7 SUBJECT AND LEARNING OUTCOMES

On completion of Economic Environment Level 3 the student should have covered the following topics:

7.1 Topic 1: Basic economics

7.2 Topic 2: Financial markets and economic indicators

7.3 Topic 3: Current affairs related to a specific business sector (physical, socio-political, economical, technological and institutional)

7.4 Topic 4: International trade calculations

7.1 Topic 1: Basic economics

7.1.1 Subject Outcome 1: Identify the role players in the economy.

Learning Outcome:

The student should be able to:

- explain the concept of economy with reference to the macro and micro environment
- explain the role of government in the macro environment with reference to different economic systems
- explain the flow of goods and capital in the economy with reference to the role players in the micro environment

7.1.2 Subject Outcome 2: Explain the factors of production.

Learning Outcome:

The student should be able to:

- identify the four main factors of production
- identify the remuneration of each of the four main production factors
- investigate the effect of the factors of production on the production of goods with reference to primary, secondary and tertiary industries
- explain the concept of entrepreneurship with examples

7.1.3 Subject Outcome 3: Identify institutions that operate in the economy

Learning Outcome:

The student should be able to:

- explain the role and functions of the Reserve Bank with examples
- explain the role of different types of banks with reference to the service offered by each type of bank (commercial banks, merchant banks and land banks)
- explain with examples the role of retirement funds in the economy
- Explain the role of the JSE (Johannesburg Stock Exchange) and the AltX (Alternative Exchange) in the economy with reference to the service that each offers
- Explain the roles of discount houses and investment managers with reference to the type of service they offer

7.1.4 Subject Outcome 4: Explain the role of money in the economy

Learning outcome:

The student should be able to:

- research the history of money with reference to barter and cash
- explain the concept of credit with reference loans and time to pay for goods and services
- identify ways of assessing credit (advantages and disadvantages of each)
- Identify different means of payment and the cost related to each

7.2 Topic 2: Financial markets and economic indicators

7.2.1 Subject Outcome 1: Explain the concept of financial markets

Range: Johannesburg Stock Exchange, Wall Street Stock Exchange, Hong Kong and London

Learning outcome:

The student should be able to:

- explain the concept of financial markets
- explain the basic functioning of a financial market
- identify local and international markets by using current news, newspapers, economic and financial newspapers
- explain the influence of international markets on the South African economy
- identify current economic news events

7.2.2 Subject Outcome 2: Explain market shares

Learning outcome:

The student should be able to:

- explain the concept of market shares
- identify different types of market shares (resources, basic industries, financial, consumable goods, information technology, services and industrial)
- interpret the local markets
- explain the concept of dividends

7.2.3 Subject Outcome 3: Explain economic indicators in the local financial market.

Learning outcome:

The student should be able to:

- explain the concept of local economic indicators
- identify different types of economic indicators
- interpret the local economic indicators

Range: Economic indicators include:

- consumer price index
- gold price
- currencies
- Brent crude oil price
- interest rates (loans and investments)
- inflation
- maize price
- wheat price

7.2.4 Subject Outcome 4: Indicate the influence of economic indicators on the local economy

Learning outcome:

The student should be able to:

- explain the influence of economic indicators on local economy
- identify current economic news

7.3 Topic 3: Current affairs related to a specific business sector (physical, socio-political, economical, technological and institutional)

7.3.1 Subject Outcome 1: Explain the concept of business environments

Learning outcome:

The student should be able to:

- describe the macro environment in which a business operates and give an indication of the opportunities and challenges that are created by the interaction of the macro environment with management functions
- describe the market environment in which a business operates and give an indication of the opportunities and challenges that are created by the interaction of the market environment with management functions
- describe the micro environment in which a business operates and give an indication of the opportunities and challenges that are created by the interaction of the micro environment with management functions
- explain ways in which a business organisation interacts with its environment and give an indication of how business environments influence business decisions

7.3.2 Subject Outcome 2: Interpret information about events in the physical environment that could impact on a business.

Range: includes but not restricted to natural resources, scenic beauty, infrastructure, and natural disasters

Learning outcome:

The student should be able to:

- interpret current events in the physical environment and give an indication how these events affect the materials the business uses, where the business operates and how products are distributed
- collect and organise information relating to current events in the physical environment to allow for comparison
- compare similar events in the physical environment in terms of severity of impact on a selected type of business
- interpret opportunities provided by the physical environment for businesses in a specific line
- interpret threats posed by the physical environment on the ability of a business to achieve its main goals for a specific line of business
- compare reports on the same event in the physical environment from the main section and the business section of a daily or weekly newspaper or any other relevant medium of communication to be able to tabulate differences between the reports

7.3.3 Subject Outcome 3: Identify events in the socio-political environment that could impact on a specific business sector.

Range: includes but not restricted to elections, legislation, trends in public opinion, diseases, pandemics, war, riots and other socio political events or disasters.

Learning Outcome:

The student should be able to:

- interpret current events in the socio-political environment and give an indication of their possible impact on a selected business sector
- collect and organise information relating to current events in the socio-political environment to allow for comparison
- identify changes in society that impact on a business environment from reports in the news
- interpret the influence of legislation and regulations on labour dynamics for a specific business
- interpret political changes that could affect the economy for a specific line of business
- interpret the responses of business management to changes in the socio-political environment reported in the media with reference to the size of the population and the potential impact on business, labour, human resources, markets and productivity
- compare reports on the same event in the socio-political environment from the main section and the business section of a daily or weekly newspaper or any other relevant medium of communication to be able to tabulate differences between the reports

7.3.4 Subject Outcome 4: Identify events in the economic environment that could impact on a specific business sector.

Range: includes but not restricted to customer income, productivity, inflation, level of employment, and economic growth.

The student should be able to:

- interpret current events in the economic environment and give an indication of their possible impact on a selected business sector
- collect information relating to current events in the economic environment and organise to allow for comparison
- compare similar events in the economic environment in terms of severity of impact on a specific line of business
- explain the concept of inflation with reference to the effect of inflation on cost of goods and services and the value of the Rand in real terms
- compare reports on the same event in the economic environment from the main section and the business section of a daily or weekly newspaper or any other relevant medium of communication, and tabulate the differences between the reports

7.3.5 Subject Outcome 5: Identify events in the technological and institutional environment that could impact on a business sector.

Range: local authorities, regional authorities, central government, the state as a provider of goods and services and innovations in technology.

The student should be able to:

- identify opportunities for business as a result of technological innovations or institutional changes for a specific business sector
- identify threats to a business as a result of technological innovations or institutional changes for a specific business sector
- interpret current events in the technological or institutional environment and give an indication of their possible impact on a selected business sector
- collect and organise information relating to current events in the technological or institutional environment to allow for comparison
- compare reports on the same event in the technological or institutional environment from the main section and the business section of a daily or weekly newspaper or any other relevant medium of communication, and tabulate the differences between the reports

7.4 Topic 4: International trade calculations

7.4.1 Subject Outcome 1: Demonstrate the ability to consider a range of options

Learning outcome:

The student should be able to:

- calculate proportions for the purpose of allocating costs in international trade transactions involving a number of commodities

- apply percentage calculations in pricing negotiations, in order to determine their viability
- convert foreign currencies as part of the landed and export costings calculations
- calculate interest on amounts owing and owed to the business for the purpose of cash flow management (this includes compound interest)
- calculate landed and export costings using given variables
- perform break-even analysis
- perform a critical path analysis as part of international project management

8 RESOURCE NEEDS FOR THE TEACHING OF ECONOMIC ENVIRONMENT - LEVEL 3

8.1 Physical resources

The following teaching aids should be made available, if possible:

- **Practicum room:**
 - A simulated office environment, provided with the basic office furniture and equipment
 - Necessary electronic equipment, e.g adding machine, cash register, calculators, filing cabinet, computer, printer
 - The latest development in electronic equipment must be available.
 - The computer must be provided with internet connection to enable the facilitator to demonstrate website browsing for research purposes.
- **Media centre:**
 - Availability of computers and printers for students to complete assignments/case studies and do research
 - Access to internet for students
 - Research software, e.g. Encarta, etc.
 - Subject related magazines (e.g. Finance & Technique, etc.), daily newspapers and subject related reference books for research by students
 - Subject related DVDs/videos
 - List of stakeholders prepared to be involved in the learning process through presentations or acting as guest speakers or providing the opportunity for students to gain practical experience
 - Applicable legislation/Acts for use by lecturers during lessons and students for research purposes
 - Stock room to store video/DVD machines, televisions, etc.
 - Security for stock room, media centre and practicum room.
- **Class room:**
 - Computer and data projector or latest technology to electronically project data for students, must be available for facilitator
 - Flash disk for facilitator to store information
 - Presentation program on computer to be used by facilitator to provide students with visual information on learning outcomes.
 - White board, black board and pull down screen
 - Desks big enough for students to work on using many resources e.g. newspapers, documents, etc.

8.2 Human resources

- **Lecturer / facilitator:**
 - Applicable subject related qualification on NQF Level 5
 - It will be to the advantage if facilitators/lecturers have been declared competent as assessors and/or moderators
 - Trained in OBE
- Full time **media centre manager** (with knowledge of computers, website browsing, research and reference books)

8.3 Other resources

- Text books
- Answer books, with exercises which students must complete for practical assignments
- Calculator for each student
- Lever arch file for each student to serve as portfolio of evidence
- Lever arch file for practical Assessment Portfolio.
- Subscription fees for internet, subject related magazines, newspapers