ECONOMIC ENVIRONMENT

DEGREE: Bachelor in Business Administration

ACADEMIC YEAR: 2012-2013
DEGREE COURSE YEAR: ☑ First ☒ Second ☐ Third ☐ Fourth
SEMESTER: ☑ 1º SEMESTER ☒ 2º SEMESTER
CATEGORY: ☑ BASIC ☐ COMPULSORY ☐ OPTIONAL
NO. OF CREDITS (ECTS): ☑ 6 ☐ 3
LANGUAGE: ☑ English ☐ Spanish

PREREQUISITES: Macroeconomics, Microeconomics, Mathematics I & II, Introduction to Economics. A passing grade in this courses is not mandatory. Nevertheless, familiarity with basic and intermediate economics courses is highly recommended.

1- SUBJECT DESCRIPTION

Most business decisions are heavily influenced by the economic environment. The growth of the economy, the distribution of income, fiscal incentives, the openness of specific markets, the regulatory intervention of the government and the financial health of the banking sector will determinate the strategy to be taken by a business firm. This course will analyze the economic environment an administrator will have to take into consideration in order to design pertinent and successful business strategies. During the past decades, the world has experienced tremendous growth in the economic well-being of many countries, thus affecting greatly the the shape of economic environment, at the same time there has been an important transformation about the role the state plays when regulating markets and creating the economic institutions that design the incentives that try to build a coherent, efficient and more equitable society. Furthermore, in the past two decades, the world has become more interconnected and international, with a tremendous increase in the volume of international trade. The complete design a of a business plan must understand the increasing and changing role of the state, and the new economic order dictated by the changing and increasing trade between regions. This course will study the concepts that will guide students to a career in which the ability to innovate will be matched with the ability to use Economic Theory tools in order to understand the world in which business most survive and succeed.
2- OBJECTIVES AND SKILLS

The objective of this course is to become familiar with the factors that shape the economic environment in which business decisions are taken. By the end of the course students should be able to make country comparisons regarding specific factors of economic environment that are especially relevant to concrete business decisions, and to make their own assessment regarding economic conditions and economic policies.

A healthy economy is the one that experiences full employment, low inflation, a competitive financial sector, sound public finances and a balanced external sector. By the end the course, students must be able to identify the key steps towards a healthy economic environment that attracts foreign investment and promotes business initiatives. The student will understand the reasons for low growth, high unemployment, cyclical swings, and imbalances in the public and external sectors, key considerations when making business decisions.

3. SKILLS

Cognitive:

Learning to interpret the main macroeconomic aggregates
Learning the use and limits of economic models when making predictions
Understanding how markets operate
Knowing economic institutions and their economic role
Knowing the most important economic policy tools
Understanding the relationship between economic policies and performance
Familiarity with economic language
Familiarity with sources of economic data

Instrumental:

Apply economic models to the analyze current economic events
To use economic models to make policy analysis and recommendations
Analyze and reason in a rigorous and systematic way about economic issues
Ability to communicate economic analysis in precise and concise manner

Attitude:

To think critically about the limits of any economic analysis
To be able to question economist’s assessments with solid arguments.
To develop the ability to communicate and discuss economic issues
To improve their confidence thru a better understanding of the environment where they live.

3- METHODOLOGY AND WEIGHTING

Sessions will combine theoretical issues and the analysis of current economic events. Interactions between professor and students will be encouraged. The class will mainly employ Keynote projections to cover the content of the program. The Keynote materials will be made available to students AFTER the corresponding session. Additionally, group assignments will be appointed thru the course. Students are encouraged to do the recommended readings before attending each theory session. Students will have to devote time for out of class work. In order to fulfill the class requirements, the following table suggest how a student should allocate its time dedication to the course.
### Teaching Methodology

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Weighting</th>
<th>Time Dedication</th>
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</thead>
<tbody>
<tr>
<td>Lectures (in class)</td>
<td>(20)%</td>
<td>30 hours</td>
</tr>
<tr>
<td>Discussions (in class)</td>
<td>(10)%</td>
<td>15 hours</td>
</tr>
<tr>
<td>Problem Sets (outside class)</td>
<td>(10)%</td>
<td>15 hours</td>
</tr>
<tr>
<td>Group work (outside class)</td>
<td>(30)%</td>
<td>45 hours</td>
</tr>
<tr>
<td>Individual studying</td>
<td>(30)%</td>
<td>45 hours</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>100%</td>
<td><strong>150 hours</strong></td>
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TOTAL 150 hours are required for a 6 ECTs course (30 sessions);

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### 4- CONTENT (Tentative)

**PART 1 (Sessions 1 - 4) ECONOMIC MODELS AND ANALIZING COUNTRY DATA**


**PART 2 (Sessions 5 – 9) THE ECONOMIC ENVIRONMENT IN THE LONG RUN**


**SESSION 10 - FIRST MIDTERM EXAM**

**PART 3 (Sessions 11 – 15) GOVERNMENT AND THE ECONOMIC ENVIRONMENT**


**PART 4 (Sessions 16 – 20) BANKS, MONETARY AUTHORITIES AND THE ECONOMIC ENVIRONMENT**

SESSION 21 - SECOND MIDTERM EXAM

PART 5 (Session 22 - 27) THE ECONOMIC ENVIRONMENT OF AND OPEN ECONOMY


PART 6 (SESSIONS 28 – 30) GROUP ASSIGNMENTS

5- EVALUATION SYSTEM (ORDINARY AND EXTRAORDINARY)

Your final grade in the course will be based on both individual and group work of different characteristics that will be weighted in the following way:

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<thead>
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<tbody>
<tr>
<td>A</td>
<td>Class participation</td>
<td>10%</td>
</tr>
<tr>
<td>B</td>
<td>Group presentation &amp; report</td>
<td>15%</td>
</tr>
<tr>
<td>C</td>
<td>Two quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>D</td>
<td>Three problem sets</td>
<td>15%</td>
</tr>
<tr>
<td>E</td>
<td>Two Midterm Exams</td>
<td>25%</td>
</tr>
<tr>
<td>F</td>
<td>Final Exam</td>
<td>25%</td>
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<tr>
<td></td>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>

A. CLASS PARTICIPATION

Two main criteria will be used in reaching judgment about your class participation: frequency and quality. Up to ten extra points can be awarded for extraordinary participations or subtracted for class misbehavior. Regular attendance is required in order to receive credit for class participation. According to the University rules, students are required to attend at least 70% of all the sessions scheduled in the course. Absences beyond this limit will automatically will result in a zero for the course. No justifications will be necessary for the unattended sessions within the allowed limits.

B. GROUP PRESENTATION AND REPORT

Each group must complete a research project. Topics will be chosen under the professor’s approval. Projects will be presented during the scheduled sessions. Each group will submit a 10-12 pages report. The project will give you the opportunity to reflect on what you have learnt in class and apply it to some practical problems. You should complete a final project with your group and present it in written form and as a Power Point (or Keynote) presentation. There is an upper limit of fifteen pages of text (assuming 11-point font size, Times New Roman, double spacing). A hard copy of the document must be delivered to the professor in class before the case discussion begins. You also have to send a soft copy of the written report and the presentation to the professor via email. These materials will be distributed to all students in class. More details of the project will be provided by the start of the course.
C and D. QUIZZES AND PROBLEMS SETS

The course consists of five parts. For each one, either a quiz or a problem set will be assigned. The problems sets are group assignments.

E and F. MID-TERMS AND FINAL EXAM

The Midterm exams will consist of multiple choice questions and exercises. The questions will be related to the theory as well as the exercises and problems seen during the course. The final exam will be cumulative, that is, will contain all the material covered during the semester. The format will be similar to the Midterms.

RETAKE POLICY

Each student has 4 chances to pass any given course distributed in two consecutive academic years (regular period and July period).

Students who do not comply with the 70% attendance rule will lose their 1st and 2nd chance, and go directly to the 3rd one (they will need to enrol again in this course next academic year).

Grading for retakes will be subject to the following rules:

- Students failing the course in the first regular period will have to do a retake in July. Dates and location of the July retakes will be posted in advance and will not be changed. Please take this into consideration when planning your summer.

- The July retakes will consist on a comprehensive exam covering the course content and with a structure similar to those of the midterms and final exams. Students having to do a retake during the ordinary period (third attempt) will be given the choice to take both the midterm and final exam with the rest of the class or to go directly to the final exam. If two exams are taken, the two midterms will be given a 40% weight and the final grade a 60%.

6- USE OF ELECTRONIC DEVICES IN CLASS

All cell phones and electronic devices must be turned off and out of sight during class; failure to do so will be taken as misconduct and reflected in the evaluation for class participation. The subject does not require the use of a laptop in class and, in fact, its use is discouraged, because it might be a source of distraction for the student using it as well as for those around him. Nevertheless, if you want to bring your laptop, please restrict its use to class support. No laptops or electronic devices will be allowed within sight during the midterm and final exams.