

# BA1

## FUNDAMENTALS OF BUSINESS ECONOMICS – 2017 SYLLABUS

BA1 focuses on providing candidates with an understanding of the areas of economic activity relevant to an organisation's decisions and, within this context, the numerical techniques to support such decision-making. Therefore, BA1 is designed to cover the following key areas.

- Economic and operating context of business (i.e. how the factors of competition, the behaviour of financial markets and the economic policy of government can influence the performance and decisions of an organisation)
- Information available to assist management in evaluating and forecasting the behaviour of consumers, markets and the economy in general.

A two-hour computer based assessment, comprising 60 compulsory objective test questions will be used to assess candidates of BA1.

Refer page 13 of the 2017 Syllabus for the details in BA1

This Transition Guide aims to answer questions such as:

- What in the BA1 syllabus mirrors that of C04?
- What are the new topics in BA1?
- What topics remain the same (as in C04), but need a different approach in teaching (and learning)?
- What topics in C04 are no longer in the BA1 syllabus?

### FROM C04 TO BA1

Paper C04 Fundamentals of Business Economics			BA1 Fundamentals of Business Economics			
A	The Macroeconomic Context of Organisations	25%	→	A	Macroeconomic and Institutional Context of Business	25%
B	The Goals and Decisions of Organisations (in part)	25%	→	B	Microeconomic and Organisational Context of Business	30%
C	The Market System and the Competitive Process (in part)	25%	→	C	Informational Context of Business (new to BA1 and partial content from C03 sections C,D and E)	20%
D	The Financial System	25%	→	D	Financial Context of Business (C03 section F content)	25%

- Introduction of C03 areas of C, D and E into BA1 area C
- Introduction of big data and analytics

### WHAT'S STAYING THE SAME IN BA1?

The content in syllabus area A on Macroeconomics remains largely unchanged from topic A of C04, with the exception of some changes in the wording of learning outcomes.

- The content in syllabus area B has incorporated area B and C of C04.
- Part of the content in syllabus area D too remains same as area D of C04.

## WHAT'S COMING IN TO BA1?

A Macroeconomic and Institutional Context of Business (syllabus weighting 25%)	B Microeconomic and Organisational Context of Business (syllabus weighting 30%)
<p>BA1 – A1</p> <p>e. calculate indices for price inflation and national income growth using either base or current weights and use indices to deflate a series (from C03 C2 c and d)</p> <p>BA1 – A3</p> <p>c. identify the impacts of economic and institutional factors using the PESTEL framework (NEW)</p>	<p>BA1 – B3</p> <p>a. identify the influence of costs on the size and structure of the organisation (replaces C04, B2 b)</p>
C Informational Context of Business (syllabus weighting 20%)	D Financial Context of Business (syllabus weighting 25%)
<p>New topic area to BA1 where most of the content comes from C03</p> <p>BA1 – C2</p> <p>a. Describe the principal business applications of big data and analytics (NEW)</p> <p>b. Demonstrate the relationship between data variables (from C03 D1)</p> <p>c. Demonstrate trends and patterns using an appropriate technique. (from C03, E1 b)</p> <p>d. Prepare a trend equation using either graphical means or regression analysis. (from C03, E1 d)</p> <p>e. Identify the limitations of forecasting models. (from C03, E2 d)</p>	<p>BA1 – D3</p> <p>a. Describe the impact of interest rate changes on market demand and the costs of finance (NEW)</p> <p>b. Calculate the impact of exchange rate changes on export and import prices and the value of the assets and liabilities of the business (NEW)</p> <p>c. Explain the role of hedging and derivative contracts in managing the impact of changes in interest and exchange rates (NEW)</p>

## WHAT IS UNCHANGED IN BA1 FROM C04 BUT WILL NEED A DIFFERENT APPROACH?

Component Learning Outcome			
	BA1 2017	C04 2011	Change
A1d	Describe the impacts on business of potential policy responses of government, to each stage of the trade cycle	Describe the impacts on organisations of potential policy responses of government, to each stage of the trade cycle	Learning outcome reworded
B2a	Identify the equilibrium price in product or factor markets	Identify the equilibrium price in product or factor markets likely to result from specified changes in conditions of demand and supply	Learning outcome reworded
B2d	Calculate the effects of price elasticity of demand on a firm's total revenue curve	Identify the effects of price elasticity of demand on a firm's revenue following a change in prices	Learning outcome reworded
D1b	Explain the role of commercial banks in the process of credit creation and in determining the structure of interest rates and the roles of the 'central bank' in ensuring liquidity	Explain the role of commercial banks in the process of credit creation and in determining the structure of interest rates, and the roles of the 'central bank' in ensuring liquidity	Two learning outcomes combined.

## WHAT'S COME OUT OF C04?

- Part of areas B and C of C04 are no longer examined in BA1.
- C04 – B2 a. distinguish between likely behaviour of a firm's unit costs in the short run and long run.
- C04 – B3 calculate the level of output and price to maximise profits.

## WHAT'S THE KEY MESSAGE?

The purpose of the subject is to provide an understanding of the areas of economic activity relevant to organisations, not to train economists. Therefore, the level of technical detail has decreased; and the content has been made more relevant (and contextual) to organisations.

## BA1 AND 2015 PROFESSIONAL LEVEL SYLLABUS

	Operational level	Management level	Strategic level
BA1A Macroeconomic and institutional context of Business		E2A Introduction to Strategic Management	E3A Interacting With the Organizations Environment
BA1B Microeconomic and institutional context of Business	E1A Introduction to Organisations	E2A Introduction to Strategic Management	
	E1B Managing the Finance Function		
BA1C Informational Context of Business	E1C Managing Technology and Information	E2A Introduction to Strategic Management	E3B Evaluating Strategic Position and Strategic Options
	E1E Marketing		E3E Role of Information Systems in Organisational Strategy
BA1D The Financial Context of Business	E1B Managing the Finance Function		P3D Managing Risks Associated with Cash Flows
	F1C Management of Working Capital Cash & Sources of Short Term Finance		



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