**Own Learning questions**

These questions are designed for you to complete in your Study Periods. The aim is for you to consolidate your learning and identify any knowledge gaps. The outcome is a complete set of revision notes.

You can use the following resources to help you:

* Maths and Physics tutor (remember that you are following the Economics B syllabus!)
* Getting Started Guide (this is on XXXXXXX)
* Tutor2U website (google the topic area and Tutor2u as the site is difficult to navigate around!)
* Tutor2u Youtube channel
* Economicsonline.com
* Your class notes
* “Economics” by Alain Anderton
* The Anforme textbooks
* The CGP A-Level Economics revision guide

When you have completed each section of Own Learning Questions, why don’t you print them out and file them in the appropriate section of your folder? We’ll be checking them!!!

An electronic copy of these questions is on XXXXXXXXX

**2.1 Business growth and competitive advantage**

1. What is an “economy of scale”, and how can we illustrate economies of scale using the Long Run Average Cost (LRAC) curve?
2. How does benefitting from economies of scale help firms achieve competitive advantage?
3. What are the different methods that firms can achieve internal economies of scale?
4. How do external economies of scale occur?
5. What do the “optimum level of output” and “minimum efficient scale” mean?
6. What other benefits does growth bring to firms?
7. What happens when average costs start to rise, and how can we illustrate this on LRAC?
8. How does poor internal communication/control of staff contribute towards diseconomies of scale?
9. How can skills shortages contribute towards rising costs?
10. How can a strong corporate culture help make a successful firm?
11. What is the difference between “organic” and “inorganic” growth?
12. What are the pros and cons of organic growth?
13. What are the pros and cons of vertical, horizontal and conglomerate integration?
14. What is the purpose of R&D?
15. How can R&D help create market power?
16. What is “innovation”, and how can it create a competitive advantage?
17. What is the theory behind Schumpters “creative destruction” idea?
18. How can improvements in productivity and efficiency help create competitive advantage?
19. How can R&D help firms develop extension strategies which will extend the product life cycle.
20. How have price comparison sites helped to reduce asymmetry of information in markets?
21. How have firms used viral marketing and social media to create competitive advantage?
22. How has the digital economy impacted on the supply (“place” part of the marketing mix) of products?
23. How has the Long Tail impacted on the supply of products, and what are some examples of firms that use the long tail theory?
24. How has the digital economy enabled niche market firms to thrive?
25. What has been the overall impact of the growth of the digital economy for firms and markets?
26. How can small firms survive in competitive market places despite the lack of economies of scale?

**2.2 Firms, consumers, and elasticities of demand**

1. What is price elasticity (PED), and how is it calculated?
2. What are the indicators of a price elastic product?
3. What are the indicators of a price inelastic product?
4. What does unitary elasticity mean?
5. What are perfectly elastic/inelastic goods, and what is an example of each?
6. What are the factors that influence the price elasticity of a product?

|  |  |
| --- | --- |
| Factor | Description |
| Necessity or luxury? |  |
| Are there any substitutes? |  |
| Is it a “compliment” good? |  |
| Is it addictive? |  |
| Proportion of income spent on good? |  |
| Durability of good? |  |
| Demand that changes at peak/off peak times? |  |

1. What is the relationship between PED and total revenue?
2. What are the different pricing strategies that firms can use?

|  |  |
| --- | --- |
| Strategy | Description |
| Cost plus |  |
| Price skimming |  |
| Penetration |  |
| Predatory |  |
| Competitive |  |
| Psychological |  |

1. What are the different factors that influence the choice of pricing strategy?

**2.3 Productive efficiency**

1. What is “productivity” and how is it calculated?
2. What are the factors that influence productivity?
3. What is the link between productivity and competitiveness?
4. What is difference between capital and labour intensive production?
5. What is “capacity utilisation” and how is it calculated?
6. What is the difference between full capacity and spare capacity?
7. What are the implications of under and over-utilisation of capacity?
8. How can capacity utilisation be improved?
9. What are the aims of lean production?
10. What are the different strategies that businesses can use in order to achieve lean production:

|  |  |
| --- | --- |
| Strategy | Description |
| Quality control |  |
| Quality assurance |  |
| TQM |  |
| Kaizen |  |
| JIT |  |

1. How can lean production create competitive advantage?
2. How does productivity impact on average costs?
3. What is a “short lead time”, and how can this create competitive advantage?

**2.4 Life in a global economy**

1. What are the characteristics of globalisation?
2. What are the factors that have contributed to globalisation in the last 50 years?

|  |  |
| --- | --- |
| Factor | Description |
| Trade in goods |  |
| Trade in services |  |
| Trade liberalisation |  |
| MNCs |  |
| International financial flows |  |
| Communication and IT |  |
| Containerisation |  |

1. How have the emerging economies impacted on globalisation?
2. What are the indicators of growth in an economy?

|  |  |
| --- | --- |
| Factor | Description |
| GDP per capita |  |
| Literacy and health |  |
| HDI |  |

1. What are the characteristics of developed, developing and emerging economies?

|  |  |
| --- | --- |
|  | Key features |
| Developed economy |  |
| Developing economy |  |
| Emerging economy |  |

1. What is the difference between median and mean incomes?

What are the pros and cons of a country specialising?

What is the difference between an absolute and a comparative advantage?

What is the difference between a Free Trade Area, a Customs Union, and a Common Market?

What are the pros and cons of belonging to a Trading Bloc?

What is the difference between a visible and invisible import/export?

How have cheap imports impacted on standards of living in the UK?

What is the difference between an appreciating and depreciating exchange rate?

How do the laws of supply and demand impact on the price of a floating exchange rate?

What is a “fixed” exchange rate?

What does SPICED stand for?

**2.5 The economic cycle**

1. What are the characteristics of a Boom period of the economic cycle?
2. What are the characteristics of a recession period of the economic cycle?
3. How do changes in the economic cycle impact on businesses?
4. What is Aggregate Demand, and what are its components?
5. What factors influence consumer spending?
6. What factors influence capital investment?
7. What are the influences on government spending?
8. What are the influences on net trade balances (exports minus imports)?
9. What is Aggregate Supply, and how do we illustrate it in the short and long term?
10. What is the difference between inflation, deflation, and disflation?
11. How is inflation measured in the UK?
12. What are the limitations with this method of measuring inflation?
13. What are the differences between Real and Nominal values?
14. What are the triggers for demand-pull inflation?
15. What are the causes of cost-push inflation?
16. How does inflation impact on wages?
17. How does inflation impact on consumers?
18. What is the difference between under-employment and unemployment?
19. What are the two measures of unemployment?
20. What are the causes of unemployment?

|  |  |
| --- | --- |
|  | Description |
| Geographical immobility |  |
| Occupational immobility |  |
| Technological unemployment |  |
| Demand deficiency/cyclical unemployment |  |

**2.6 Introduction to macroeconomic policy**

1. What are the possible macro-economic objectives of government?
2. What is Fiscal policy, and what is it designed to achieve?
3. What are the aims of Monetary policy, and what is it designed to achieve?
4. What are Supply Side policies, and what are the tools that government can use to shift LRAS?
5. What is a Floating Exchange rate, and how can UK government control our exchange rate?
6. What are the potential conflicts between inflation and unemployment, and how can we use the Phillips curve to illustrate this?
7. How can economic growth create negative externalities?
8. How are the macro-objectives influenced by political ideology?
9. What are the possible unintended consequences of supply-side policies?