

MODULE 3: BUSINESS ECONOMICS

HKICPA PROFICIENCY LEVELS AND TAXONOMY

The proficiency level indicated in the table below reflects the level at which the topics covered in each particular learning outcome are tested. There are three levels of proficiency:

- Level 1 is the foundational level, covering the skills of knowledge and comprehension.
- Level 2 is the intermediate level, covering the skills of application and analysis.
- Level 3 is the advanced level, covering the skills of integration and evaluation

You are expected to understand which skill is exercised based on the taxonomy verbs with which it is associated. Please note that the list of taxonomy verbs below is for reference only and does not represent an exhaustive list.

Level 1: Foundation	Level 2: Intermediate	Level 3: Advanced
Knowledge The remembering of previously learned material (recall of facts)	Application Using new knowledge. Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	Integration Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions
Comprehension Demonstrative understanding of facts and ideas by organising, comparing, translating, interpreting, giving descriptions and stating main ideas	Analysis Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalisation	Evaluation The ability to judge the value of material for a given purpose

The syllabus weighting table indicates the relative weightings of the syllabus areas encompassed in this module. It serves as a guide to the percentage of study time spent on each syllabus area. In the long run, the marks allocation in the module examinations would conform to the weightings as shown above. The exact range of marks allocation in each module examination may deviate from the weightings for suitably robust questions to be set.

SYLLABUS AREA		
Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the Features of Economic Environment and Define Economic Concepts	Explain the principal features of the economic environment in which business operates, and the economic concepts of scarcity, choice, opportunity cost and marginal analysis	1
Apply the Fundamental Principles of Microeconomic Theory	Apply an understanding of the fundamental principles of microeconomic theory such as: <ul style="list-style-type: none"> - Different types of economy - Types of goods and services produced - Demand, supply and market equilibrium - Behaviour of consumer demand - Theory of production and costs - Market and economic efficiency, market failure and public policies - Market structures and the respective profit maximization strategies 	2

SYLLABUS AREA		
Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Apply the Fundamental Principles of Macroeconomic Theory	Apply the basic principles of macroeconomic theory, such as: <ul style="list-style-type: none"> - Circular flow of income - Key macroeconomic data - Concepts of consumption, savings, investment, capital formation and government spending - Nature and functions of money - Money supply and demand - Business cycle - Fiscal and monetary policies - Absolute and comparative advantages and gains from trade - Free trade and protectionism - Managing exchange rates, balance of payments and international trade 	2
Explain the Key Concepts of Statistical Analysis	Describe and explain the key concepts used in statistical analysis, including: <ul style="list-style-type: none"> - Descriptive statistics - Inferential statistics - Random variables 	1

SYLLABUS AREA		
Principal Learning Outcomes	Supporting Learning Outcomes	Proficiency Level
Explain the Key Concepts of Statistical Analysis (Cont'd)	<ul style="list-style-type: none"> - Samples vs. population - Statistics vs. parameters - Sampling - Cross-section vs. time series data 	1
	Describe various sampling techniques and explain their advantages and disadvantages, including: <ul style="list-style-type: none"> - Convenience sampling - Judgement sampling - Quota sampling - Simple random sampling - Systematic random sampling - Stratified random sampling - Cluster random sampling 	1
Apply Techniques of Statistical Analysis	Apply techniques of statistical analysis, such as measures of central tendency, dispersion, probability distribution, standard error, confidence intervals, hypothesis testing, index numbers, components of time series etc. in business situations	2
	Prepare frequency tables for presentation and analyse grouped and ungrouped data	