

Unit ID: 2355

Domain

**FREIGHT MANAGEMENT AND
ADMINISTRATION**

Title:

**Demonstrate an understanding of the
fundamental principles of the economy**

Level: 5

Credits: 9

Purpose

This unit standard is intended for those who demonstrate an understanding of the fundamental principles of the economy. People credited with this unit standard are able to analyse and discuss the main principles of the economy and economics, evaluate different economic schools of thought, analyse issues of development and the challenges facing developing economies, evaluate and utilise the fundamental concepts of economics, evaluate main types of market structures and evaluate the role of government and other key stakeholders in the economy in facilitating the implementation of a Supply Chain Philosophy.

This unit standard is intended for people who work in the freight operations industry.

Special Notes

1. Entry information:
Pre-requisite:
 - *None*
2. Assessment evidence may be collected from a real or a simulated workplace or in which postal operations are carried out.
3. This unit standard is to be delivered and assessed in the context of Transport and Logistic operations and should be assessed in conjunction with other relevant technical unit standards selected from this domain.
4. To demonstrate competence, minimum evidence of the ability to discuss; the main principles of the economy and economics, economic schools of thoughts, development challenges facing developing economies, market structures and government and key stakeholder roles in the economy with regards to Supply Chain Philosophy.
5. Performance of all elements in this unit standard must comply with industry standards

Quality Assurance Requirements

This unit standard and others within this subfield may be awarded by institutions which meet the accreditation requirements set by the Namibia Qualifications Authority and the Namibia Training Authority and which comply with the national assessment and moderation requirements. Details of specific accreditation requirements and the national assessment arrangements are available from the Namibia Qualifications Authority and the Namibia Training Authority on www.nta.com.na.

Elements and Performance Criteria

Element 1: Analyse and discuss the main principles of the economy and economics

Range

Elements of the economy and economics include but are not limited to means of production (farms, factories, stores, etc.), to participate in managerial decisions (cooperative and participatory economics), to travel (needed to transport all the items in commerce, to make deals in person, for workers and owners to go to where needed), to buy (items for personal use, for resale; buy whole enterprises to make the organization that creates wealth a form of wealth itself), to sell (same as buy), to hire (to create organizations that create wealth), to fire (to maintain organizations that create wealth), to organize (private enterprise for profit, labour unions, workers' and professional associations, non-profit groups, religions, etc.), to communicate (free speech, newspapers, books, advertisements, make deals, create business partners, create markets), to protest peacefully (marches, petitions, sue the government, make laws friendly to profit making and workers alike and remove pointless inefficiencies to maximize wealth creation)

Key concepts in economics include but are not limited to production, distribution, consumption, goods and services

Performance Criteria

- 1.1 The concept of economy and economics is discussed to reflect the various stakeholders in the economy and what role they play in making the economy work.
- 1.2 Elements of the economy and economics are identified and assessed to determine their impact on supply chain.
- 1.3 Key concepts in the economics are evaluated in terms of the key questions and processes that need to be addressed.
- 1.4 The relationship between social reproduction and economics is analysed to determine the correlation between the two elements.
- 1.5 The differences between Macro and Micro economics are critically analysed.

Element 2: Evaluate different economic schools of thought

Range

Main economic schools of thought include Free market, Keynesian and Marxist.

Performance Criteria

- 2.1 The main points of departure of the various economic schools of thought are evaluated to determine the application of the ideologies stating positive and negative implications.
- 2.2 The difference between the points of view of economists from the main economic schools of thought are explained.

- 2.3 The kind of model that is operating within the Namibian economy is analysed to determine its appropriateness.
- 2.4 Taking the diversity of Namibia into consideration, suggestions are made on the possible combination of different schools of thought that may contribute to a more stable economy.

Element 3: Analyse issues of development and the challenges facing developing economies

Range

Development approach includes but is not limited to free market approach, the dependency approach, the basic needs approach and the transformation approach.

Performance Criteria

- 3.1 Issues of development and the challenges facing developing economies are analysed indicating the role that supply chain philosophy can play in responding to these issues.
- 3.2 The concept of a development approach is assessed reflecting the criticisms made against the developmental approaches of the different schools of thought.
- 3.3 The main points of departure are identified and synergies with each of the stated approaches to development are given.
- 3.4 The different terms used to describe "developed" and "under developed" countries are examined to reflect the interpretation of various stakeholders.
- 3.5 Development indicators are used to make a judgement on the level of development of a country.
- 3.6 The critical developmental issues are identified and analysed to determine their impact on the global economic community.
- 3.7 The way in which the philosophy of Supply Chain Management can facilitate the overcoming of some of the barriers to development is assessed.

Element 4: Evaluate and utilise the fundamental concepts of economics

Range

Concepts include but are not limited to demand, supply and equilibrium, market and demand, impact of demand on price, basic law of demand, changes in market conditions influences the demand curve, supplier in relation to the profit motive and equilibrium.

Basic influences include but not limited to given price and quantity data, market conditions, movement along existing demand curve and shift of the entire demand curve.

Underlying market conditions include but not limited to price of related goods, consumer income, consumer preference and taste, expectations, cost of input, profitability of alternatives, changes in modes of production and number of sellers.

Performance Criteria

- 4.1 The fundamental concepts of economics are evaluated to reflect how supply chain philosophy can be used to address economic challenges and opportunities.
- 4.2 The basic influences of a demand curve are analysed to determine progress against the demand requirements in the supply chain.
- 4.3 A demand curve is produced and interpreted when predicting which way a demand curve will shift as a result of specific changes and the implications of this movement.
- 4.4 The influences on the quantity demanded at a given price are analysed in relation to underlying market conditions.
- 4.5 A supply curve is produced and interpreted to reflect changing relationships between price and quantity of supply and implications of movement of the supply curve.
- 4.6 The law of supply is analysed in relation to the implications of this law on the economy and underlying market conditions.
- 4.7 The way in which the philosophy of Supply Chain Management can help overcome some of the challenges of supply and demand are assessed.

Element 5: Evaluate main types of market structures

Range

Main types of market structures include perfect competition and monopoly.

Concepts include but not limited to diminishing marginal utility consumer equilibrium, pattern of consumption.

Performance Criteria

- 5.1 The various schools of economics thought are utilised in the evaluation of the advantages and disadvantages of the main types of market structures within the context of the challenges facing global economic development.
- 5.2 The main types of market structures are evaluated in terms of features, goals, roles of players to achieve goals and approach in using production factors.
- 5.3 The concepts used in market structures are evaluated.
- 5.4 The pros and cons of the various market structures are analysed to reflect the perspective of the schools of economics thought.

Element 6: Evaluate the role of government and other key stakeholders in the economy in facilitating the implementation of a Supply Chain Philosophy

Performance Criteria

- 6.1 The role of government and other key stakeholders in the economy is evaluated in terms of their use of fiscal policies and tools to facilitate the implementation of a Supply Chain Philosophy.

- 6.2 Fiscal policy is identified and evaluated to determine the tools of fiscal policy and the methods of operation.
- 6.3 Monetary policy is identified and evaluated to determine the tools of monetary policy and the methods of operation.
- 6.4 Government policy, the level and type of government participation are analysed to reflect how it could solve specific economic problems.

Registration Data

Subfield:	Transport, Operations and Logistics
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