



# UDAYANA UNIVERSITY

Republic of Indonesia State University

## FACULTY OF ECONOMICS AND BUSINESS INSTITUT OF INTERNATIONAL BUSINESS STUDIES NETWORK

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### IBSN PROGRAM (MA.01) Business Economics in Emerging Countries, MA

This course is composed on Master level

- A. Objective
- B. Method of Instruction
- C. Study Plan
- D. Reference Textbooks
- E. Course Assessment
- F. Workload
- G. ECTS
- H. Lecturers

#### **A. Objective:**

This subject provides economics for people who are dealing with business, ranging from consultants to entrepreneurs to managers that can help them in their career.

This course is an advanced MA class in Business economics. It will focus on different interrelated modules that affect growth and business opportunities in emerging markets out of an economical perspective. It treats of the principles of development economics, financial sector development, financial crises and policy implications. In the beginning we work through a framework to understand the process of economic growth and development, and in so doing develop the ability to analyze an emerging market at the level of the country.

Then we examine companies who need to understand this macro economical view in order to make cross-industry investment decisions. Afterwards we examine companies working within one or more industries and how they must manage political risk as well as develop strategies to overcome the institutional weaknesses of the environment. Finally we look at state-owned enterprises and their uniquely important influence both inside the emerging market and as they compete globally. The course uses a variety of country and company cases from different emerging and frontier markets to accomplish these objectives. The cases range from country cases on some of the fastest-growing economies in the world to cases on mining, gas, banking, electricity, infrastructure, retail, technology, tourism, private equity, and hedge fund companies operating in emerging markets.

#### **B. Method of Instruction:**

The course will be run via lectures, group presentation and working paper.

### C. Study Plan:

Week	TOPIC
1	<b>Introduction</b> This part provides an overview of the topic. Also introduces some of the key tools and way of thinking that are used by economists in business world. By the end of this section, the students should: <ul style="list-style-type: none"><li>▪ Appreciate the importance for managers of studying economics,</li><li>▪ Understand the external environment of business,</li><li>▪ Understand PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) analyses.</li></ul>
2	<b>Fundamental problems</b> This part considers the fundamental economic problems facing every economy, and the different ways in which decisions about what to produce, how to produce, and for whom to produce the products. By mastering this chapter, the students should: <ul style="list-style-type: none"><li>▪ Understand the meaning of scarcity and choice,</li><li>▪ Understand the key economic problems in society,</li><li>▪ Be able to explain the difference between a free market, a planned economy, and a mixed economy,</li><li>▪ Be able to outline the key advantages and disadvantages of each type of economy,</li><li>▪ Understand the meaning of the production possibility frontier and productive efficiency.</li></ul>
3	<b>Demand Analysis</b> This part examines the factors determine demand and the sensitivity of demand due to price changes. By the end of this part, the students should: <ul style="list-style-type: none"><li>▪ Understand what influences the demand for products,</li><li>▪ Understand why you should be interested in the demand for products,</li><li>▪ Understand how an understanding of the concept of elasticity of demand can help you in your business decision-making,</li><li>▪ Understand what actions you might have to take if demand changes.</li></ul>
4	<b>Cost and revenues</b> This part examines the factors that determine the costs and revenues of a business, and how these might affect a manager's decision making. This is very important section because an understanding of productivity and costs underpins a great deal of microeconomic analysis. By the end of this section, the students should: <ul style="list-style-type: none"><li>▪ Understand the difference between fixed and variable costs,</li><li>▪ Understand the difference between average variable, average fixed, and average costs,</li><li>▪ Understand marginal, average, and total revenue,</li><li>▪ Understand the difference between normal and abnormal profits,</li><li>▪ Be able to explain what is meant by profit maximization,</li><li>▪ Understand the marginal condition of profit maximization.</li></ul>
5	<b>Supply Analysis</b> This part examines the factors determine supply and the sensitivity of supply due to price changes including tax and subsidy given by the government. At the end the students should: <ul style="list-style-type: none"><li>▪ Understand the influences on supply,</li><li>▪ Understand the difference between a movement along, and a shift</li></ul>

	<p>in, supply,</p> <ul style="list-style-type: none"> <li>▪ Understand the price elasticity of supply and factors influencing the price elasticity of supply,</li> <li>▪ Be able to explain the effect of an indirect tax on supply,</li> <li>▪ Be able to explain the effect of a subsidy to producers on supply.</li> </ul>
6	<p><b>Market</b></p> <p>One of the focuses of economics is market, in particular the emerging markets, such as markets for products, money, and factors of production. It examines how demand and supply interact in a market, and how price mechanism adjusts to bring about equilibrium. By mastering this part, the students should:</p> <ul style="list-style-type: none"> <li>▪ Understand how the price mechanism works,</li> <li>▪ Understand the meaning of equilibrium.</li> <li>▪ Understand the meaning of excess demand and excess supply,</li> <li>▪ Understand how the price mechanism adjusts to equate supply and demand.</li> <li>▪ Be able to explain the effect of a change in demand or supply conditions on the equilibrium price and output in a market,</li> <li>▪ Be able to explain the effect of the introduction of an indirect tax or subsidy on the equilibrium price output in a market,</li> <li>▪ Understand the meaning and importance of community surplus and allocative efficiency.</li> </ul>
7	<p><b>Market Analysis: share, currency and labor markets</b></p> <p>This section illustrates the workings of the market mechanism by examining the determinants of supply and demand. By the end of this part, the students should:</p> <ul style="list-style-type: none"> <li>▪ Understand the key factors influencing supply and demand in the labor, share, capital goods, and currency markets,</li> <li>▪ Understand the consequences of changes in supply and demand conditions in these markets,</li> <li>▪ Be able to explain the effects of changes in these variables.</li> </ul>
8	<p><b>Market failures</b></p> <p>This part examines some of failures and imperfections in a free market that prevent an optimal allocation of resources. By the end of this section, the students should:</p> <ul style="list-style-type: none"> <li>▪ Understand different types of market failure and imperfection,</li> <li>▪ Be able to explain the effect of failures and imperfections on the allocation of resources,</li> <li>▪ Understand the ways in which a government might intervene in the economy to remedy market failures and imperfections.</li> </ul>
9	<p><b>Macroeconomics</b></p> <p>This part examines the macroeconomy, and the working of aggregate demand and aggregate supply. By mastering this part, the students should:</p> <ul style="list-style-type: none"> <li>▪ Understand the meaning of macroeconomics, the circular flow of income, the measures of national income, and the standard of living,</li> <li>▪ Understand the meaning of aggregate demand and aggregate supply and factors influence on it, by examining the neoclassical model of economic growth</li> <li>▪ Understand the difference between gross domestic product and gross national product, the circular flow of income, and the multiplier,</li> <li>▪ Be able to explain the effect of shift in aggregate demand or aggregate supply on equilibrium in the economy.</li> </ul>

10	<p><b>Government and Macroeconomic Policy</b></p> <p>This section examines the dynamics of emerging financial markets in Asia regarding their country's leading macroeconomic indicators and its policy that can affect the interaction of whole economy. By the end of this section, students should:</p> <ul style="list-style-type: none"> <li>▪ Understand the economic objectives of government, fiscal policy, automatic and discretionary fiscal policy,</li> <li>▪ Understand deflationary and inflationary gaps, a budget deficit and national debt, and monetary policy,</li> <li>▪ Understand the meaning of supply-side and demand side policies and difficulties of using these policies effectively.</li> <li>▪ Understand the stability of its foreign exchange market focussing on emerging markets</li> <li>▪ And the likely returns and risks associated with its stock market</li> </ul>
11	<p><b>Macroeconomic issues: unemployment and inflation</b></p> <p>This part examines some of the key issues in macroeconomics. By the end of this section, the students should:</p> <ul style="list-style-type: none"> <li>▪ Understand the causes of unemployment and its effect,</li> <li>▪ Understand the causes of inflation and its consequences,</li> <li>▪ Understand the possible short-run and long-run relationship between inflation and unemployment,</li> <li>▪ Understand the Phillips curve, and adaptive and rational expectations.</li> </ul>
12	<p><b>Macroeconomic issues: growth and balance of payments</b></p> <p>This part examines other keys issues in macroeconomics. The student should understand:</p> <ul style="list-style-type: none"> <li>▪ The cause of economic growth and the exchange rate as a major point of volatility magnifying shocks in the emerging markets</li> <li>▪ The benefits and costs of economic growth,</li> <li>▪ The causes of a balance of payments current account deficit and its problems.</li> </ul>
13	<p><b>International business and trade</b></p> <p>This section examines the trade in international business and policies that affect it. By the end of this part, the students should:</p> <ul style="list-style-type: none"> <li>• Understand the reasons for and the benefits of international trade,</li> <li>• Trade costs: theory and evidence</li> <li>• Be able to explain and analyze protectionism,</li> <li>• The role of multinational enterprises in international trades</li> </ul>
14	<p><b>Summary of Business Economics in Emerging Countries</b></p>

#### D. Reference Textbooks:

- De Mello, L.: Indonesia: Growth Performance and Policy Challenges, OECD Economics Department Working Papers, No. 637, 2008
- Feenstra, R. and M. Taylor: International Economics, Worth Publishers, 2014
- Fleisher, C. S. and Babette E. Bensoussan: Business and Competitive Analysis. Pearson Education Inc., New Jersey 2015
- Gillespiem A.: 2<sup>nd</sup> edition. Business Economics. Oxford University Press, Oxford 2013
- Krugman, Paul R. and Maurice Obstfeld: International Economics – Theory and Policy, 2014
- Montiel, Peter: Macroeconomics in emerging markets, Cambridge 2011
- Resosudarmo, B.: The politics and economics of Indonesia's natural resources , Singapore, Inst. of Southeast Asian Studies 2005
- Aghion, Philipp and Durlauf, Steven (eds.): Handbooks in Economic Growth Volume, Elsevier / North Holland, Bosten 2013

Coxhead, Ian: Routledge Handbook of Southeast Asian Economics (Routledge Handbooks), Routledge, London and New York 2015

Sarno, L. and M. Taylor: The Economics of Exchange Rates, 2003  
Van Marrewijk, C, Ottens C.: International Economics, Theory, application, and policy, Oxford University Press 2014

**E. Course Assessment**

- Group Working Paper 25%
- Individual Presentation 25%
- Final Written Test 50%

**F. Workload**

Workload: in class 72 hours, in total 212

Attendance: 75% (signature)

**G. ECTS**

8 ECT

**H. Lecturer**

Prof. Dr. Komang Bendesa, SE., MM, Ak  
I Wayan Sukadana, SE, M.SE

according plan, updated list see attachment  
lecturer may change without notice