Economics Applications in Business

Performance Indicators

Performance Indicators for this competitive event are used to define the parameters of the written exam and other activities that are part of the overall competition.

This list was compiled by MBAResearch and Curriculum Center and represents its efforts to support all DECA competitive events within the overall framework of the National Business Administration Standards. Individual indicators are based on a review of prior research and on extensive review of available online and print literature—both from industry and education.

For additional information on these Performance Indicators or the National Business Administration Standards, please visit the MBAResearch web site at www.MBAResearch.org. Questions may be e-mailed to betho@MBAResearch.org
Instructional Area: Economics

Knowledge and Skill Statement: Understands the economic principles and concepts fundamental to business operations

Performance Element: Understand fundamental economic concepts to obtain a foundation for employment in business.

Performance Indicators:
- Distinguish between economic goods and services (EC:002, EC LAP 10) (CS)
- Explain the concept of economic resources (EC:003, EC LAP 14) (CS)
- Describe the concepts of economics and economic activities (EC:001, EC LAP 6) (CS)
- Determine economic utilities created by business activities (EC:004, EC LAP 13) (CS)
- Explain the principles of supply and demand (EC:005, EC LAP 11) (CS)
- Describe the functions of prices in markets (EC:006, EC LAP 12) (CS)

Performance Element: Understand the nature of business to show its contributions to society.

Performance Indicators:
- Explain the role of business in society (EC:070, EC LAP 20) (CS)
- Describe types of business activities (EC:071, EC LAP 19) (CS)
- Discuss the global environment in which businesses operate (EC:104, EC LAP 22) (SP)
- Describe factors that affect the business environment (EC:105, EC LAP 26) (SP)
- Explain how organizations adapt to today’s markets (EC:107, EC LAP 25) (SP)

Performance Element: Understand economic systems to be able to recognize the environments in which businesses function.

Performance Indicators:
- Explain the types of economic systems (EC:007, EC LAP 17) (CS)
- Explain the concept of private enterprise (EC:009, EC LAP 15) (CS)
- Identify factors affecting a business’s profit (EC:010, EC LAP 2) (CS)
- Determine factors affecting business risk (EC:011, EC LAP 3) (CS)
- Explain the concept of competition (EC:012, EC LAP 8) (CS)

Performance Element: Acquire knowledge of the impact of government on business activities to make informed economic decisions.

Performance Indicators:
- Determine the relationship between government and business (EC:008, EC LAP 16) (CS)
- Describe the nature of taxes (EC:072, EC LAP 27) (SP)
- Discuss the nature of monetary policy (EC:073) (MN)
- Discuss the supply and demand for money (EC:096) (MN)
- Explain the role of the Federal Reserve System (EC:097) (MN)
- Explain the concept of fiscal policies (EC:074) (MN)
- Describe the effects of fiscal and monetary policies (EC:098) (MN)
Performance Element: Analyze cost/profit relationships to guide business decision-making.

Performance Indicators:
- Explain the concept of productivity (EC:013, EC LAP 18) (CS)
- Analyze impact of specialization/division of labor on productivity (EC:014, EC LAP 7) (SP)
- Explain the concept of organized labor and business (EC:015, EC LAP 5) (SP)
- Explain the impact of the law of diminishing returns (EC:023) (SP)
- Describe the concept of economies of scale (EC:077) (MN)

Performance Element: Understand economic indicators to recognize economic trends and conditions.

Performance Indicators:
- Discuss the measure of consumer spending as an economic indicator (EC:081) (SP)
- Describe the economic impact of inflation on business (EC:083, EC LAP 28) (SP)
- Explain the concept of Gross Domestic Product (GDP) (EC:017, EC LAP 1) (SP)
- Discuss the impact of a nation’s unemployment rates (EC:082, EC LAP 29) (SP)
- Explain the economic impact of interest-rate fluctuations (EC:084) (SP)
- Determine the impact of business cycles on business activities (EC:018, EC LAP 9) (SP)

Performance Element: Determine global trade’s impact on business decision-making.

Performance Indicators:
- Explain the nature of global trade (EC:016, EC LAP 4) (SP)
- Describe the determinants of exchange rates and their effects on the domestic economy (EC:100) (SP)
- Discuss the impact of cultural and social environments on global trade (EC:045, EC LAP 24) (SP)
- Explain labor issues associated with global trade (EC:101) (SU)

Additional performance indicators from the BA Core:
- Describe legal issues affecting businesses (BL:001) (SP)
- Explain types of business ownership (BL:003, BL LAP 1) (CS)
- Describe the nature of budgets (FI:106, FI LAP 3) (SP)