

The selection of Economics material on Business Studies courses: can threshold concepts help us find a framework?

This article presents an argument on the differences in approach and content in Business and Economics. Using the idea of threshold concepts, Russell argues that there is a way to see concepts that are fundamentally Business in orientation whereas others are more suitable for Economics. Thinking in terms of threshold concepts might help to make a clear distinction between the concepts that are relevant to both subject areas.

Introduction

The teaching of Economics material on Business Studies courses has received a good deal of attention in education literature from the perspective of researchers, practitioners and policy makers. Examples here would include the work by Miller (2000) on integrating Economics topics into the Business curriculum, Simatele (2010) and Islam (2011) on methods for teaching Economics to Business students, and Swann (2002) on the experience of teaching Economics to MBA students. It is true to say that much innovation has taken place and that developments in delivery have occurred based on specific reflections of research, practice and debate. The particular issue of what Economics material to include and what to leave out from Business programmes has, however, yet to be addressed in a systematic way; reliance on intuitive or pragmatic thinking, in terms of what works, e.g. what concepts readily yield Business examples or what concepts neatly link to the core topics of Business, such as marketing, seems to have been the prevailing strategy so far. Though in the right hands this pragmatic approach may be very effective, for the sake of consistency and pursuit of best practice a more objective formalised framework approach may be warranted.

A significant development in the sphere of Economics education in recent years has been the application of the idea of threshold concepts. The notion of threshold concepts was originally set out by Meyer and Land (2003) with reference to Economics, but recognised as being relevant to all curriculum areas in providing criteria for identifying key developmental and defining concepts within individual subject fields. Substantial further work on threshold concept criteria

has subsequently been carried out by Meyer and Land (2005) and by Davies and Mangan (2007).

This article aims to identify Economics concepts most suitable and least suitable for selection and use on Business programmes.

Three themes of difference between Economics and Business

1. The question of objectives

This relates to the fact that Economics is, for the most part, taught and analysed from a commentary point of view. Economic evaluation is often conducted from the perspective of that of a government policy advisor. Benchmark criteria, such as optimal social welfare, are used for study, analysis and in reaching conclusions.

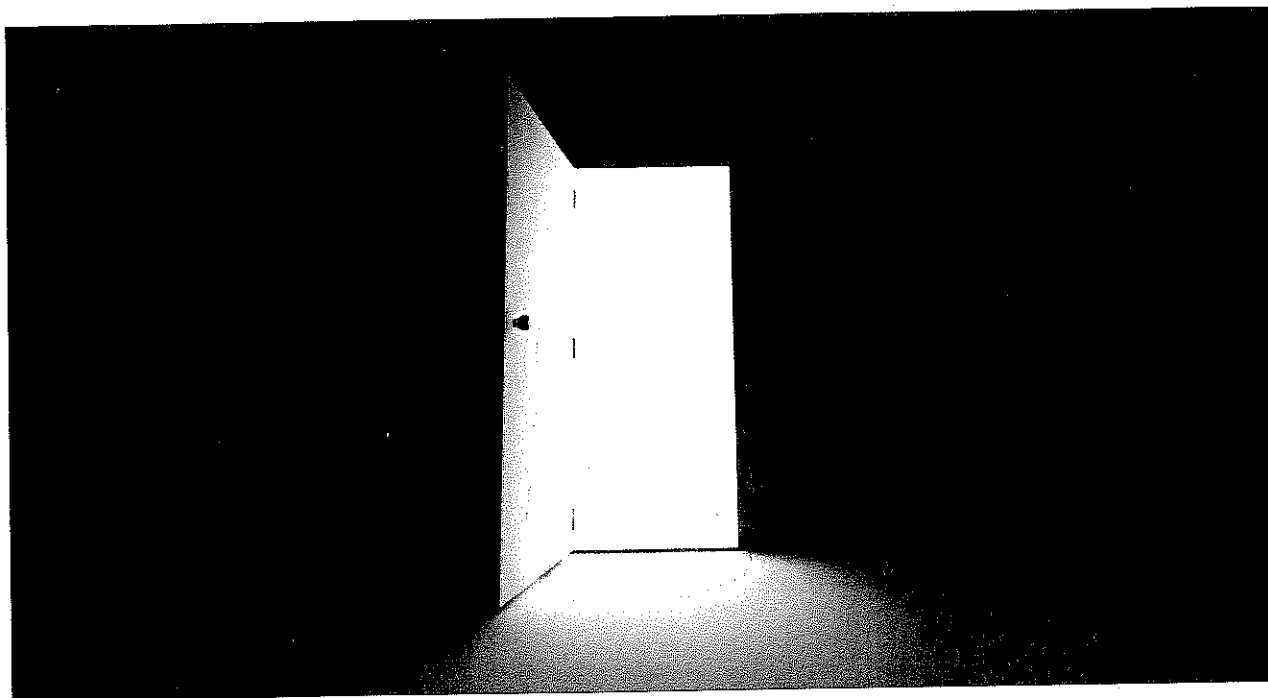
This can be seen as being different from the perspective taken in Business Studies where evaluation is carried out in terms of what is most beneficial and effective from the viewpoint of a business organisation in relation to its objectives. This contrast can make for serious differences of purpose and process even when looking at the same material, e.g. the economy or the business environment.

2. The question of activity

There are practical differences between the content in Economics and that in Business. The key functional areas which form the basis of many Business courses, for example marketing, finance and HRM, form intrinsic elements of study in contrast to Economics, which is not an intrinsic functional activity of Business Management.

3. The question of abstraction

Economics tends to atomise participatory units in Business activity (households and firms) and then aggregate the analysis, with models – often in equation or functional form – being developed for evaluation. This 'outside in' format of analysis in Economics contrasts with the internal organisation (human) practicalities of much of the rest of Business Studies.



The characteristics of threshold concepts

A threshold concept acts as a portal to a transformed understanding of a subject. Once the student has passed through this portal they never think of the subject in the same way again – they think in the subject (i.e. think like economists). There are five characteristics of threshold concepts.

- Transformative, i.e. once acquired the concept should alter perception of the subject.
- Irreversible, i.e. once the individual has begun to perceive the world (in this case economic) in terms of a threshold concept it should be inconceivable that they would go back to viewing relevant situations without this concept in mind.
- Integrative, i.e. have capacity to expose the previously hidden interrelatedness of elements.
- Bounded, i.e. helpful in defining the boundaries of a subject area, in that if the concept is dropped, thinking begins to move outside or beyond the scope of the subject itself.
- Troublesome/Counter-Intuitive, i.e. in grasping the concept a student moves from common sense understanding to an understanding which may conflict with perceptions that have previously seemed self-evidently true, Perkins 1999).

Regarding the threshold concept criterion 'bounded' and the themes of difference

The characteristic of 'boundedness' can be useful in defining the boundaries of a subject area, in that if a concept fulfilling this criterion is dropped, thinking begins to move outside or beyond the scope of the subject itself. The view that Economics is essentially bounded in commentary might provide a distinction between the two subject areas. The argument here would be the extent to which Business Studies is not characterised by commentary.

This is not the same as asserting that 'Business' in its widest sense has nothing to do with wider societal concerns beyond the internal functions of a business; business engagement with the notion of Corporate Social Responsibility shows such an assertion to be untrue. What is asserted, however, is that concepts which revolve solely around the issue of optimal conditions from a societal point of view are a defining area of the subject that is being pursued from the commentary or policy level-orientated viewpoint (i.e. Economics) and not an area of the subject focussing on the active player-orientated viewpoint (i.e. Business Studies). This view reached by formal process ties in with the intuitive view put forward by Islam (2011), that the study of the social welfare implications of taxes or subsidies would be found redundant by a Business student – a view which could be the subject of considerable debate.

An example of a concept which might be 'bounded' is allocative efficiency. This is a concept that

is central to teaching in Economics (implicitly or explicitly) but not, it can be argued, Business Studies. The labelling of allocative efficiency as being Economics material 'bounded from' the Business Studies subject occurs because the concept is entirely societally evaluative and can only exist meaningfully on that viewpoint side of the 'question of objectives' theme of difference. Other such concepts which might merit exclusion from Business course curricula could include 'deadweight loss' and the 'social welfare function'.

Regarding the threshold concept criterion 'integrative' and the themes of difference

Mastery of a threshold concept often allows the learner to make connections that were hitherto hidden from view. The key theme of difference for this aspect is the 'question of activity'. In the sense that some Economics concepts can help in the analysis of Business situations, such concepts perform the integrative function and satisfy the concept inclusion criteria of being 'integrative into' Business.

A prime example of this is the concept of elasticity. This allows the student to make the link between the analysis of finance and marketing information, an example being the sales of luxury goods at different phases of the economic cycle.

Similarly, the concept of opportunity cost is also very much integrative into Business. The monetary or person hours cost of undertaking a business activity will provide only so much information to the Business decision maker; the costs and gains associated with alternative uses of those resources represent crucial additional information to make that business decision a better informed one.

It can be argued that the concept of opportunity cost belongs neither to the societal commentary evaluative perspective of Economics nor to the active player perspective of Business. It is the choice of application which can enable the concept to fit into either perspective, for example the relative merits of resource allocation between health care and consumer durables in Economics or the consideration of the alternative commercial uses of some recently acquired land in Business. Thus opportunity cost, unlike allocative efficiency, can exist on either side of the 'question of objectives' theme of difference.

Conclusion and recommendation

It is reasonable to think that criteria which are defining of subjects, when taken together with themes of difference between two subjects, should help us to identify the material which does and does not connect those subjects.

On the basis of the above, it can be argued that those involved in curriculum design should go through their Economics for Business module or scheme delivery programmes and look at the chief concept of each session, using the integrative/bounded threshold concept criteria alongside the Economics/Business themes of difference in the way shown above and make decisions about the relevance of each concept in turn. Removal of 'bounded from' concepts gives time for greater exploration of 'integrative into' concepts.

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References and resources

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