



Developing 21ST century skills with case studies

*Example of learning to learn; critical
thinking; communication &
presentation skills*

Course: Fundamentals of Macroeconomics



"OMNI – BE Aware STudent" (OMNI-BEAST)"
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Introduction

This is a collection of case studies designed to foster the development of essential skills such as learning to learn, critical thinking, communication, and presentation. These case studies offer a dynamic and interactive learning experience, which will enable students to enhance their understanding of the subject matter while honing their abilities to analyze, question, create, and present information.

These case studies have been crafted using GPT-3 and GPT-4 language models developed by OpenAI. These state-of-the-art artificial intelligence models have the potential to revolutionize teaching and learning by providing tailored content and learning experiences across various subjects and skill areas. By leveraging the power of these models, this collection of case studies brings an innovative and engaging approach to teaching and learning the Fundamentals of Macroeconomics.

By utilizing cutting-edge AI technology to create tailored, engaging, and skill-focused learning experiences, we are paving the way for a new era of teaching and learning that empowers students to succeed in an ever-changing world.

Throughout this collection, students will be introduced to three crucial skills:

- **Learning to Learn:** Students will engage in writing activities, which encourage reflection and the development of effective learning strategies. With a focus on self-directed learning, students will prepare questions based on the case studies, thereby fostering a deeper understanding of the course material.
- **Communication & Presentation:** By preparing and presenting summaries of the case studies, students will cultivate their ability to communicate complex ideas both in writing and through oral presentations. This process will not only help students develop a better grasp of the subject matter but also equip them with the skills necessary to succeed in academic and professional settings.
- **Critical Thinking:** The case studies will challenge students to think critically by incorporating data and requiring them to create their case studies based on the information presented. This exercise will enable students to develop their analytical skills, learn to draw logical conclusions, and make informed decisions based on the data.

Incorporating these skills into the study of Fundamentals of Macroeconomics will provide students with a well-rounded and comprehensive learning experience. By prioritizing learning to learn, critical thinking, communication, and presentation skills, students will not only excel in their academic pursuits but also become more effective communicators and decision-makers in their professional lives.

#1. Decomposition of Statistical Data: An Essential Tool for Informed Political Decision-Making

In today's world, political decision-making is increasingly being guided by data analysis. Data analysis is a powerful tool that allows policymakers to make informed decisions. One of the key aspects of data analysis is data decomposition, which involves breaking down complex data into simpler components to gain a better understanding of the data. In this case study, we will discuss the importance of data decomposition in political decision-making using the example of a government decision regarding unemployment rates in a particular region.

In many countries, regional governments are responsible for making decisions that impact the economy, education, health, and other important aspects of their regions. To make informed decisions, it is essential to analyze statistical data and understand its components. One such component is the unemployment rate, which is an important indicator of the economic health of a region.

In our example, the government of the Silesian Voivodeship had to make an important decision regarding the unemployment rate in their region. To make an informed decision, the government needed to understand the various components of the unemployment rate (see the data in the attachment). Therefore, the government used the technique of monthly data decomposition to analyze the unemployment rate in their region.

The decomposition analysis involved breaking down the unemployment rate into three components: trend, seasonal, and random. The trend component showed the long-term direction of the unemployment rate, the seasonal component showed the regular pattern of the unemployment rate that repeats over a period of time, and the random component showed the unpredictable fluctuations in the unemployment rate. The analysis revealed that the unemployment rate in the Silesian Voivodeship was gradually increasing throughout the year. However, there was also a regular seasonal pattern in the unemployment rate, with the highest unemployment rates occurring in the winter months and the lowest unemployment rates occurring in the summer months. Furthermore, the random component showed unpredictable fluctuations in the unemployment rate that were not explained by the trend or seasonal components. This decomposition analysis was crucial in helping the government of the Silesian Voivodeship make an informed decision about their region's unemployment rate. The government was able to analyze the reasons for the increase in the unemployment rate and take appropriate measures to address the issue. They were also able to plan their policies and programs according to the seasonal trends, which helped them make efficient use of their resources. Moreover, they were able to monitor the unpredictable fluctuations in the unemployment rate and take appropriate policy actions.

In conclusion, data decomposition is a powerful tool for political decision-making. By breaking down complex data into simpler components, policymakers can gain a better understanding of the data and make informed decisions. In the example of the government of the Silesian Voivodeship, the decomposition analysis of the unemployment rate was crucial in helping them make informed decisions about their region's economic health. Therefore, it is important for students to learn about data decomposition to prepare them for future decision-making roles.

#2. Navigating Economic Growth: The Case of GreenTech Industries

Introduction

GreenTech Industries, a leading renewable energy company, is faced with the challenge of expanding its operations in the highly competitive clean energy market. The management team must use various types of measures of economic growth to make informed decisions about the company's future investments and operations. This case study will explore how GreenTech Industries navigates economic growth measures to ensure its success in the renewable energy market.

Background

GreenTech Industries was founded in 2015 with a mission to develop and deploy innovative renewable energy solutions that contribute to a sustainable future. The company has grown rapidly over the years, expanding its product portfolio and market reach. Today, GreenTech Industries is a key player in the global renewable energy market, offering products and services ranging from solar panels to wind turbines and energy storage solutions.

Challenge

The renewable energy market is highly competitive, and GreenTech Industries must constantly adapt and innovate to maintain its market share. To do this, the company needs to make strategic investments in research and development, production, and marketing. The management team must use different measures of economic growth to evaluate the company's performance and the broader economic environment to make informed decisions about where to invest its resources.

Approach

GreenTech Industries uses the expenditure approach to GDP as a starting point for understanding the economic health of the countries in which it operates. By analyzing the various components of GDP (consumption, investment, government expenditures, and net exports), the company can identify potential growth opportunities and risks. For example, a country with high government spending on infrastructure projects may present an opportunity for GreenTech Industries to supply renewable energy solutions for new buildings or transportation systems. On the other hand, a country with a significant trade deficit may signal potential challenges in exporting GreenTech's products to that market.

In addition to the expenditure approach, GreenTech Industries also considers other measures of economic performance, such as GDP at factor prices, NDP at market prices, and GNI at market prices. These measures provide a more comprehensive view of a country's economic health, taking into account factors such as indirect taxes, subsidies, depreciation, and net foreign income.

Using these various measures, GreenTech Industries can evaluate the overall economic environment and make strategic decisions about where to focus its resources. For instance, the company may decide to invest more heavily in R&D and innovation in countries with high GDP at factor prices, as these markets may provide more favorable conditions for business growth.

Outcome

By using a combination of economic growth measures, GreenTech Industries has been able to make informed decisions about its investments and operations. The company has successfully expanded its market reach, diversified its product offerings, and increased its overall profitability.

Through its strategic approach to understanding economic growth measures, GreenTech Industries has positioned itself as a leader in the renewable energy market, ensuring its long-term success and contribution to a sustainable future.

#3. Strategic Expansion of GreenTech: A Case Study in Marginal Propensity to Consume, Keynesian Multiplier, and Deflator

Background:

GreenTech is a rapidly growing, eco-friendly company that specializes in manufacturing and distributing sustainable consumer products. The company's flagship product, the GreenTech Solar Charger, has quickly gained popularity due to its affordability, quality, and commitment to sustainability. The company is considering expanding to international markets to capture new opportunities, and the management team needs to make informed decisions about which countries to target for expansion.

Scenario:

GreenTech's management team has identified three potential target countries for expansion – Country A, Country B, and Country C. The team has gathered data on each country's economic indicators, including income levels, marginal propensity to consume (MPC), and inflation rates. They've also collected data on government spending and investment in each country to analyze the Keynesian multiplier effect. The goal is to select the most appropriate country for expansion based on these factors.

Country A:

- Average income: \$45,000
- Marginal propensity to consume (MPC): 0.8
- Inflation rate: 2%
- Government spending on green initiatives: \$1 billion
- Private investment in green initiatives: \$500 million

Country B:

- Average income: \$30,000
- Marginal propensity to consume (MPC): 0.9
- Inflation rate: 5%
- Government spending on green initiatives: \$500 million
- Private investment in green initiatives: \$300 million

Country C:

- Average income: \$60,000
- Marginal propensity to consume (MPC): 0.7
- Inflation rate: 1%
- Government spending on green initiatives: \$2 billion
- Private investment in green initiatives: \$1 billion

Analysis:

GreenTech needs to assess the potential demand for its product in each country based on consumers' marginal propensity to consume. MPC is the proportion of an additional dollar of income that is spent on consumption. A higher MPC indicates a greater likelihood that consumers will spend their income on GreenTech products. To assess the potential impact of government spending and private investment on GreenTech's expansion plans, the management team can use the Keynesian multiplier.

This measures the magnifying effect of an initial change in spending on total income within an economy. Lastly, the management team should account for the impact of inflation on their product's price and overall costs. A deflator can be used to adjust nominal values to real values by factoring in the inflation rate.

Conclusion

To make a well-informed decision, GreenTech's management team must weigh the importance of each factor – MPC, Keynesian multiplier, and deflator – based on their strategic goals and priorities. Country A offers a moderate MPC and multiplier with relatively low inflation, making it a balanced option. However, it may not provide the highest potential demand or economic impact compared to the other countries. Country B has the highest MPC and Keynesian multiplier, indicating a potentially strong demand for GreenTech products and a more significant economic impact from government spending and private investment. However, the high inflation rate presents a risk for pricing stability and increased costs. Country C has the lowest MPC and Keynesian multiplier, which could result in lower demand for GreenTech products and less economic impact. On the other hand, the low inflation rate offers a more stable pricing environment and cost structure. GreenTech's management team must carefully consider the trade-offs between these factors and align their expansion strategy with their company objectives. If the primary goal is to capture the highest potential demand and benefit from the economic multiplier effect, Country B could be the most suitable choice. However, if the management team prioritizes a more stable pricing environment and lower costs, Country C may be a better fit.

#4. Leveraging the IS-LM Model for Strategic Decision-Making in a Multinational Corporation

Introduction

Multinational corporations (MNCs) operate in a complex global economic environment where various macroeconomic factors influence their performance. The IS-LM model, a fundamental macroeconomic tool, can help MNCs analyze the impact of fiscal and monetary policies on the overall economy and make informed strategic decisions. In this case study, we will examine how an MNC, GlobalTech Inc., utilizes the IS-LM model to understand the potential effects of policy changes in Spain, aiding their decision-making process.

Background

GlobalTech Inc. is a leading technology company with operations in multiple countries. It is planning to expand its presence in Spain, where the government has recently announced potential changes to fiscal and monetary policies. GlobalTech's management wants to understand the potential impact of these policy changes on the overall economy and their business prospects in Spain.

Application of the IS-LM Model

To assess the potential impact of the policy changes in Spain, GlobalTech's economists develop the IS and LM curves for the country, representing the equilibria in the goods and money markets, respectively. They collect relevant data on Spain's consumption, investment, government spending, money supply, and liquidity preferences, among other variables, to derive the equations for the IS and LM curves.

Scenario Analysis

GlobalTech's economists conduct scenario analyses to evaluate the possible effects of the proposed policy changes on the overall economy of Spain, including shifts in the IS and LM curves. The scenarios they consider include:

1. Expansionary fiscal policy: An increase in government spending or a decrease in taxes, which would shift the IS curve to the right, potentially leading to higher output and interest rates.
2. Contractionary fiscal policy: A decrease in government spending or an increase in taxes, which would shift the IS curve to the left, potentially leading to lower output and interest rates.
3. Expansionary monetary policy: An increase in the money supply, which would shift the LM curve to the right, potentially leading to higher output and lower interest rates.
4. Contractionary monetary policy: A decrease in the money supply, which would shift the LM curve to the left, potentially leading to lower output and higher interest rates.

Strategic Implications

Based on the scenario analysis, GlobalTech's management can anticipate the potential effects of policy changes in Spain and make strategic decisions accordingly. For instance, if expansionary fiscal and monetary policies are expected to boost output and

lower interest rates, GlobalTech may decide to invest more in Spain to capitalize on the favorable economic conditions. On the other hand, if contractionary policies are anticipated, the company may adopt a more cautious approach to expansion.

Conclusion

The IS-LM model serves as a valuable tool for multinational corporations to analyze the potential impacts of fiscal and monetary policies on the economies in which they operate. By understanding these effects, MNCs can make more informed strategic decisions, enhancing their prospects for success in the ever-evolving global marketplace.

#5. Utilizing Labor Market Data and the Beveridge Curve for Investment Decisions

Introduction:

Multinational companies (MNCs) often face the challenge of making well-informed investment decisions to expand operations, enter new markets, or optimize workforce planning. This case study explores how an MNC can leverage labor market data and the Beveridge Curve to make strategic decisions, ensuring they invest wisely and capitalize on available opportunities.

Company Background:

GlobalTech is a leading multinational technology firm specializing in software development and IT solutions. With headquarters in the United States and operations in multiple countries, GlobalTech is looking to expand its presence in a new market with favorable labor conditions, a skilled workforce, and growth potential. To make an informed decision, the company's management decides to analyze labor market data and the Beveridge Curve in prospective markets.

Methodology:

GlobalTech's research team gathers labor market data, such as labor force size, unemployment rates, labor force participation rates, and wage levels, in several potential target countries. The team also studies each country's Beveridge Curve to assess labor market efficiency and identify any skills mismatches or structural issues that could impact their investment decision.

Analysis:

Labor Force:

By examining the size and composition of the labor force in potential markets, GlobalTech can identify countries with an adequate supply of skilled workers. A large labor force with a high percentage of individuals possessing the necessary skills for the technology sector is favorable for the company's expansion.

Unemployment Rate:

Comparing unemployment rates across countries helps GlobalTech determine the availability of workers and potential competition for talent. Lower unemployment rates may indicate a tighter labor market, which could lead to higher wages and recruitment challenges.

Labor Force Participation Rate: A high labor force participation rate suggests that a significant portion of the working-age population is engaged in the labor market. This metric can help GlobalTech assess the overall labor market activity and the potential for attracting talent.

Beveridge Curve Analysis:

By analyzing the Beveridge Curve, GlobalTech can evaluate the efficiency of each country's labor market. An inward shift in the curve reflects improved labor market efficiency, with better job matching and reduced skills mismatches. On the other hand,

an outward shift suggests a less efficient labor market, which could pose challenges for the company in finding suitable employees.

Recommendations:

Based on their analysis, GlobalTech's research team identifies two countries with promising labor market conditions and favorable Beveridge Curve trends. The team recommends that the company's management further investigate these markets, considering additional factors such as infrastructure, ease of doing business, and regulatory environment before making a final investment decision.

#6. TechSolutions Inc. - Strategic Decision-Making Using the ADAS Model in Kazakhstan

Background:

TechSolutions Inc., a multinational corporation specializing in technology products and services, is considering expanding its business operations to Kazakhstan. The company's management aims to make informed strategic decisions by analyzing Kazakhstan's macroeconomic environment using the ADAS model.

Step 1: Analyzing Aggregate Demand (AD) in Kazakhstan

TechSolutions examines factors that could affect AD in Kazakhstan, such as tax rates, government spending, and the money supply. The company finds that Kazakhstan has low taxes, a growing government budget focused on infrastructure, and a stable money supply with low inflation.

Step 2: Assessing Long-Run Aggregate Supply (LRAS) and Short-Run Aggregate Supply (SAS)

TechSolutions evaluates Kazakhstan's potential output by analyzing its LRAS determinants, including technology, physical and intangible capital, labor input, and human capital. The company finds that Kazakhstan has a well-educated workforce, advanced technology infrastructure, and an expanding capital base, indicating a strong potential for growth. Additionally, Kazakhstan's SAS curve suggests that there is room for businesses to increase production in response to rising demand without causing significant inflation.

Step 3: Identifying Demand Shocks and Business Cycle Phases

TechSolutions examines Kazakhstan's recent economic history to identify any positive or negative demand shocks, as well as the current phase of its business cycle. The company learns that Kazakhstan has experienced steady economic growth with minimal shocks, and its economy is in the expansion phase of the business cycle.

Step 4: Making Strategic Decisions

Based on the ADAS analysis, TechSolutions' management decides to invest in Kazakhstan. The favorable macroeconomic environment, characterized by strong aggregate demand, potential for growth, and minimal economic shocks, suggests a promising market for the company's products and services.

Furthermore, TechSolutions plans to take advantage of Kazakhstan's skilled workforce and advanced technology infrastructure to establish a new research and development center. The company also plans to collaborate with the local government on public infrastructure projects to strengthen its presence and foster long-term growth.

By using the ADAS model to analyze Kazakhstan's macroeconomic environment, TechSolutions can make informed strategic decisions that align with the country's economic strengths and growth potential, maximizing the chances of success in the new market.

#7. Navigating Economic Fluctuations: A Multinational Company's Use of the Phillips Curve Model

Introduction:

This case study explores how ZX Spectrum, a leading multinational company, leverages the Phillips Curve model to make informed strategic decisions. By understanding the inverse relationship between inflation and unemployment, ZX Spectrum can anticipate economic fluctuations and adapt its policies to maintain sustainable growth.

Background:

ZX Spectrum is a global enterprise with operations in various industries, including manufacturing, technology, and consumer goods. As a market leader, the company faces challenges in navigating economic changes across its international markets. To stay competitive and maintain a healthy financial performance, ZX Spectrum has turned to the Phillips Curve model to anticipate and respond to economic shifts.

Strategic Decision-Making:

The Phillips Curve model has become an essential tool for ZX Spectrum's strategic planning. By monitoring the relationship between inflation and unemployment, the company can identify economic trends, such as recessionary or inflationary gaps, and adapt its operations accordingly.

Expansionary Strategy:

In a recessionary gap, characterized by high unemployment and low inflation, ZX Spectrum may adopt an expansionary strategy to capitalize on lower labor and production costs. This approach could include increasing production capacity, investing in research and development, or expanding into new markets.

Contractionary Strategy:

Conversely, during an inflationary gap, when low unemployment leads to higher inflation, ZX Spectrum might implement a contractionary strategy. This could involve reducing production, streamlining operations, or focusing on cost containment to protect profit margins and maintain financial stability.

Results:

By using the Phillips Curve model as a guide, ZX Spectrum has successfully navigated economic fluctuations in its international markets. The company has managed to maintain a healthy balance between stable inflation and optimal employment levels, resulting in robust financial performance and continued growth.

Conclusion:

The case of ZX Spectrum demonstrates the value of the Phillips Curve model in informing strategic decision-making for multinational companies. By understanding the relationship between inflation and unemployment, businesses can proactively adapt to changing economic conditions, ensuring long-term success and sustainable growth.



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