UNIVERSITY OF PORTSMOUTH

PBS – SUBJECT GROUP OF ECONOMICS AND FINANCE

U25292:ECONOMICS

COURSEWORK ASSIGNMENT 1

2022-2023

Unit Lecturer:

Dr Everton Dockery

COURSEWORK ASSIGNMENT 1

This is an individual assignment. You are required to <u>answer all parts</u> of the assignment. The **hand-in date for the assignment is FRIDAY 21st OCTOBER 2022**.

The Intended Learning Outcomes of the Assignment are:

- Examine the concept of profits and its role in guiding decisions
- Assess the profit maximisation model
- Evaluate the shareholder wealth maximisation model.

Assignment

The stated objectives of commercial firms are often taken to be profit maximisation and shareholder wealth maximisation. Briefly comment on the extent to which this objective is realistic and how economics can be useful in assisting actual corporate objectives.

Assignment Guide

To enable your preparation and understanding of this assignment you will need to study lectures 1 and 2 of the module and the assigned readings. To complete the assignment, you will need to carefully explain the role of profits and the role it plays in guiding decisions in an economy. The central focus of the assignment, and the part that should be allocated the majority of the word allocation, is the objective of the firm. This will require a concise explanation of the profit maximisation and shareholder wealth maximisation models of the firm, and to consider why as an overall objective of the firm, the objective is realistic, and how economics can be useful given varying corporate interests and constraints. A good answer should express your own view and provide a reasoned justification for the position adopted and credit will be given for evidence of relevant reading, wider discussion and engagement with the question.

I expect formal and rigorous answers, which means that you should provide a sound discussion of the relevant points and analysis where required. Remember to give the explanation in your own words instead of copying them from the journal article/textbook. Please ensure that your assignment is properly referenced.

Avoid the temptation of presenting the discussion under a separate heading. I expect to see coherent and logical communication of ideas and economic and financial concepts with linkages between the central points of the question.

Marking Scheme

The marks will be allocated as follows:

Answers question or correctly approaches question with relevant content, clear structure and logical development of argument	40%
Interpretation of question and demonstrable knowledge of the topic	20%
Use of supporting literature, examples from economics	15%
Connectedness and relevance of argument between all parts of the discussion	10%
Presents clear argument throughout, strength of analysis and conclusion.	15%

Useful References

- **Begg, D, Vernasca. G, Dornbusch. R, and Fisher. S. (2020) Economics (12ᵗʰ ed) McGraw-Hill.**
- **Sloman, J, and Jones, E. (2017). Essential economics for business (5ᵗʰ ed.). Harlow, England: Pearson Link: Physical or Electronic.**
- Lecture Notes

Amihud, Y. and Jacob Kamin, J. (1979) Revenue vs. Profit Maximization: Differences in Behavior by the Type of Control and by Market Power, Southern Economic Journal, 45, 3, 838-846.

Colander, D. (2017) How to Market the Market: The Trouble with Profit Maximization, Eastern Economic Journal, 43, 362–367.

Damodaran, A. (2017) Response to How to Market the Markets: The Trouble with Profit Maximization, Eastern Economic, 43, 368–369

Denis, D. (2019) The Case for Maximizing Long-Run Shareholder Value, Journal of Applied Corporate Finance, 31, 3, 81-89.

Findlay, III, M. and Whitmore, G. (1974) Beyond Shareholder Wealth Maximization, Financial Management, 3, No. 4, 25-35.

De Scitovszky, T. (1943) A Note on Profit Maximisation and its Implications, The Review of Economic Studies, 11, 1, 57-60.

Seitz, N. (1982) Shareholder Goals, Firm Goals and Firm Financing Decisions, Financial Management, 11, 3, 20-26.

Wong, R. (1975) Profit Maximization and Alternative Theories: A Dynamic Reconciliation, The American Economic Review, 65, 4, 689- 694.

Hand-in Date

The hand-in date for Coursework Assignment 1 is **FRIDAY 21ˢᵗ OCTOBER 2022 by 23:55**. The coursework report must be submitted via the Moodle dropbox.

Note: This is the latest date we are allowed to give for handing in the assignment. No extensions beyond this date are possible.

Late Submission of Coursework

Coursework submitted after the published submission date without a valid Extenuating Circumstances Form (ECF), but within twenty working days of that date, will be marked. The mark awarded will be limited to the unit pass mark (40% unless otherwise specified in the unit handbook).

Coursework submitted more than twenty working days after the published submission date will not be marked, and a mark of zero will be recorded on the student's record. It will be recorded as a non-submission.

Students are strongly advised to keep a copy of their work. Corruption of computer disks is not an adequate excuse for late hand-in, as work should be adequately backed up.

Word Count

The coursework word count is a **MAXIMUM OF 500 WORDS** (THERE IS NO ±10% MARGIN) excluding the reference list, bibliography, appendices, the cover page, abstract, glossary and list of tables, figures, charts and abbreviations. Tables are expected to be primarily for the presentation of numerical data. Work that exceeds 1,000 words will not be read beyond the stated word count.

The word count should be stated at the top of your submission. A falsely stated word count is an assessment offence, which will be referred to PBS Student Assessment and Assessment Regulations Lead.

Formatting

The work should be word processed. Font size should be between 12 and 14 and 'easy to read' e.g. Calibri, Arial, Times New Roman. Line spacing should be between 1.5 and 2 with (approx.) 4 cm margins all round. The Header must include the student number and the Footer must include a page number. There are no extra marks for excessive presentation; for example elaborate graphics on the cover sheet.

Referencing Requirements

All sources should be acknowledged and appropriately cited within your work, following the University's approved referencing conventions [APA 6th ed.]. For further guidance see: http://referencing.port.ac.uk/

Referencing is required to give intellectual credit to your source, help your reader recover your source easily and to avoid being accused of plagiarism.

Students are reminded that the University will not tolerate academic dishonesty in any form. This is cheating. For further guidance see **Student Handbook pages 8 and 9**:

http://www.port.ac.uk/accesstoinformation/policies/teachingandlearning/filetodownload,73452,en.pdf

Please include a Reference List of all items cited in your work and follow this with a Bibliography to show your wider background reading.

Plagiarism

Students are reminded of the need to avoid plagiarism in all assessments. The definition of plagiarism includes claiming somebody else's work as your own, for example through inadequate referencing of sources of material used (including Internet sources). Direct quotations must be enclosed in quotation marks and referenced. Using other people's ideas requires a reference even if it is not a direct quote. The University Regulations describe plagiarism as:

> *the incorporation by a student in work for assessment of material which is not their own, in the sense that all or a substantial part of the work has been copied without any adequate attempt at attribution, or has been incorporated as if it were the student's own when in fact it is wholly or substantially the work of another person or persons.*

Any student suspected of plagiarising will be referred to the PBS Student Assessment and Assessment Regulations Lead and an Academic Misconduct Hearing will be arranged.

If any student has a query about any of the above matters and wishes to obtain clarification or further information please contact the unit coordinator or your personal tutor.

Marking and Feedback

Marking will be done in accordance with the marking criteria grid below (Table 1) and the University of Portsmouth grading criteria for UG level 6 (Table 2). Marks and feedback will be available by **Monday 21 November 2023**. Marks will be posted on the Student Portal, and your marked coursework and tutor's feedback will be available to you once it has been marked and processed. If there is any delay in the processing of marks, the unit coordinator will communicate this to you and make arrangements for the marks to be posted on Moodle so that you receive them as soon as they are ready.

Individual feedback will be provided on feedback sheets. These sheets will highlight the strengths of the work and identify development points to help you to work out where you went wrong and how you can improve your performance in the future.

Table 1: Marking Criteria - Essay Type

Component and Suggested Marks	Failure < 40%	Pass 40 – 55%	Good Pass 56 – 69%	Distinction >70%
Introduction and background to topic	Limited introduction not focussed on aims of assignment	Topic well focussed but introduction and context incomplete	Introduction clearly expressed; context well defined	As for good pass
Understanding of key issues	Minimal understanding of key issues	Main issues largely identified, but some lack of focus	All issues clearly understood, with **some** differentiation in terms of importance	Issues clearly understood and differentiated in terms of importance
Evidence of reading and/or choice of appropriate concepts	Little evidence of reading or limited /inappropriate use of module material; unclear theoretical framework; important work uncited or key concepts ignored	Evidence of reading or appropriate use of module material but with some gaps. Literature /concepts adequately but not critically reviewed.	Good critical literature review or well-justified choice of module material. Theoretical framework supports study.	Demonstrates high level of scholarship.
Analysis	Largely descriptive; practically no analysis of central issues. Qualitative or quantitative data analysis inaccurate.	Some critical analysis of central issues, but with some inaccuracies.	Relevant and full analysis	Comprehensive and critical analysis of central issues.
Presentation and evaluation of evidence	Some evidence to support arguments but uncritical acceptance of material; poor or incomplete citation; unjustified conclusions.	Appropriate evidence, generally assessed critically; weak interpretation of qualitative aspects; some gaps in linkages between evidence and conclusions.	Full, critical assessment of discriminatingly selected material; some evidence of independent thought	Full, critical assessment of discriminatingly selected material; evidence of independent thought; substantial individual insights evident
Presentation: Structure, clarity, use of grammar, correct spelling	Poor: lack of structure and clarity; grammatical mistakes; inadequate referencing	Reasonably clear presentation; reasonable referencing; few grammatical/spelling mistakes	Demonstrates very good communication skills; accurate referencing; very few/no grammatical or spelling errors	Excellent communication skills; accurate referencing; virtually no errors; scholarly, well-organised treatment of material
Attainment of learning objectives	Attainment of few/none of the relevant learning objectives	Attainment of a good majority of the relevant learning objectives	Attainment of substantial majority of the relevant learning objectives	Attainment of nearly all of the relevant learning objectives

Table 2: University of Portsmouth General Grading Criteria for Level 7

	Level 7
80+	As below plus: ▪ Outstanding work – contains accurate, relevant material, demonstrates understanding of complex subject matter and is able to view it in a wider context. Shows originality and confidence in analysing and criticising assumptions, is aware of the limits of knowledge. Likely to add new insights to the topic and approaches the quality of published material. ▪ Evidence of extensive research, uses and presents references effectively. ▪ Outstanding quality in terms of organisation, structure, use and flow of language, grammar, spelling, format, presentation, diagrams, tables etc.
70-79	As below plus: ▪ Outstanding work – contains accurate, relevant material, demonstrates understanding of complex subject matter and is able to view it in a wider context. Shows originality and confidence in analysing and criticising assumptions, is aware of the limits of knowledge. ▪ Evidence of extensive research, uses and presents references effectively. ▪ Excellent in terms of organisation, structure, use and flow of language, grammar, spelling, format, presentation, diagrams, tables etc.
60-69	As below plus: ▪ Very good work – contains most of the information required, is accurate and relevant and demonstrates understanding of the subject matter and attempts to view it in a wider context. Shows some originality of thought with good critique and analysis assumptions, is aware of the limits of knowledge. ▪ Well-researched, good use and presentation of references. ▪ Very good in terms of organisation, structure, use and flow of language.
50-59	As below plus: ▪ Work that attempts to address the topic with some understanding and analysis, key aspects of the subject matter covered. ▪ Research extends to primary sources. Appropriately cited and presented references. ▪ Satisfactory presentation with respect to presentation, organisation, language, grammar, spelling, format, diagrams, tables etc.
40-49	▪ Adequate work which attempts to address the topic with limited understanding and analysis. ▪ Some research using texts, Internet and key reference sources with reference citation and presentation according to convention. ▪ An attempt to follow directions regarding organisation, structure, use and flow of language, grammar, spelling, format, diagrams, tables etc.
30- 39	**FAIL** – Anything which is inadequate in most or all of the following: length, content, structure, analysis, expression, argument, relevance, research and presentation. Work in this range attempts to address the question / problem but is substantially incomplete and deficient. Serious problems with a number of aspects of language use are often found in work in this range.
0-29	**FAIL** – No serious attempt to address the question or problem, and / or manifests a serious misunderstanding of the requirements of the assignment. Acutely deficient in all aspects.