

# Unit 1 individual project



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Format by In our daily lives we make decisions which are often based on the two large branches of economics—macroeconomics and microeconomics. It should be noted that these two disciplines are both concerned about decision making which maximizes the allocation of resources (Perloff 2004). However, the main difference between macroeconomics and microeconomics is the scope that they cover.

Microeconomics, in a sense, focuses on the discrete component of that makes up the economy including an individual, single household, or a particular business organization (Investopedia 2008). This encompasses the specific allocation of goods for individuals and households. For an individual, it can be as simple as choosing the activity for the day. For a business organization, it includes the setting of the price level for a product or service and finding the equilibrium quantity which can maximize the profit to be generated.

Macroeconomics, on the other hand, is more comprehensive as it involves the examination of the performance of the economy as a whole. Instead of simply looking at a single business organization, this means focusing on the entire industry taking into account all industry players regardless of size or bargaining power (Cybereconomics 2008). An example of the macroeconomics is the determination of the factors which causes the increase in the Gross Domestic Production of China which has showed significant growth in the recent years.

Being the vice president for sales for a reputable business organization, I am responsible for the purchasing decision for the company. At other times, I also handle the recruitment and application processing for prospective

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employees. These tasks have allowed me to utilize microeconomics in making my decisions. The purchase of input for the company's operation has a lot of implication for the price of the product that we manufacture and in turn, the level of profit that we generate. Employing the skills and techniques that I have learned in microeconomics, I always make sure that I am buying inputs at the lowest possible cost which includes minimizing the cost per item, cost of ordering, and cost of handling the inventory. I make use of the economic quantity model which really helped our business organization maximize profits by the elimination of unwanted cost.

The macroeconomics portion concerns my task in hiring prospective applicants. When searching for the right person for the job, I look beyond the knowledge and the skill of the candidate and also look at the people working for the same industry and the current employment trend. I hire persons who I perceive can contribute the most to the company as well as consider the motivation program that I can offer them. Since almost all employees look at salary as a primary motivation to excel, I look at the industry's level of salary for the position and make an offer based on that knowledge. Knowing the industry average is very important since the salary should be competitive yet I also make sure that it is not out of range. I also look at the macroeconomic factors such as the likelihood of a boom or a recession in the industry in order to ascertain whether hiring a candidate is the best move for the company at the moment.

#### References

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