Why Economics Matters—and How to Teach It Better

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By Alfredo R. Paloyo

Economics can once again connect students to fulfilling and purposeful careers—if we teach the subject with clarity, transparency, and relevance.

- Many students dismiss economics as irrelevant, but research shows that economics degrees consistently lead to high-earning and analytically demanding careers.

- A redesigned curriculum can help students see economics as a hands-on, collaborative, and ethical field, rather than one that's abstract and outdated.
- Business schools can spark students' interest in economics by embedding career signals early—through alumni panels, microinternships, and course-level examples—to show the field's relevance in diverse real-world roles.

Economics once sat at the heart of every business degree. Today, however, many programs treat it as an optional hurdle—something students endure, not embrace. At my own institution, introductory classes that used to fill 500-seat theaters now struggle to reach that level of enrollment. Year 12 enrollments in economics at Australian secondary schools have plunged almost 70 percent since 1992, a trend that Jacqui Dwyer of the Reserve Bank of Australia (RBA) attributes to economics' "image problem."

When I recently asked my economics students what they thought the course would involve, their answers ranged from "endless graphs" to "math equations I'll never use." Yet, when these same students talk to employers, they quickly discover that economic literacy—interpreting data, assessing risks, and understanding market shifts—is precisely what recruiters want.

Why should deans and faculty care what students think about the value of an economics education? Because the discipline offers decision-making skills modern managers can't afford to lose: the ability to think in terms of trade-offs, assess the consequences of incentives, interpret data, and understand how policy shocks ripple through markets. If we let the discipline fade, we also lose a bridge between business education and society—exactly the connection accreditation bodies such as AACSB now champion.

The Hidden Upside of Economics

Even in its current, lecture-heavy form, an economics major still pays off. The numbers show this unequivocally. In Australia, economics graduates earn almost as much as engineers and more than most other business majors, according to an RBA analysis of tax records. A 2022 analysis shows that, in the United States, economics graduates earn 46 percent higher "wages than they would have with their second-choice majors."

The pattern is similar in the U.K., where economics is second only to medicine in median earnings five years after graduation. Employers, in short, still pay a premium for the analytical mindset and data fluency that economics cultivates.

Despite those clear returns, many undergraduates still steer clear of economics because they picture it as a field dominated by arcane equations with little bearing on the challenges they will face as product managers, consultants, or founders. This perception gap, more than any shift in labor-market demand, explains why enrollments slide even as demand persists.

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The good news: We can close the gap by making economic thinking *hands-on, transparent, collaborative,* and *behaviorally smart*. We can accomplish that objective by redesigning our courses based on those four practical principles:

1. **Lean into experiential learning.** Students remember what they do. Under that assumption, educators can shift students' first contact with any concept from lecture to action. Short simulations, negotiation exercises, or current-event analyses give learners a concrete experience in which they can immediately test concepts, abstract findings, and engage in debriefs about outcomes. For instance, a live price-shock simulation lets them watch a market return to equilibrium in real time—no lengthy derivation required.

2. **Make the assumptions of every model visible and debatable.** Critical pedagogy—an approach that encourages students to challenge assumptions openly—starts by bringing to the surface the "rules of the game" that are embedded in our diagrams.

   That is, we first must list any assumptions that might be ingrained in a concept (such as perfect competition, zero externalities, or costless information). We then can invite students to participate in five minutes of class discussion, during which they break down these assumptions in real-world markets—for instance, in the healthcare or streaming markets. Students should learn to see models as decision tools, not dogma, which in turn builds the ethical reflex of responsible management.

3. **Replace solo problem sets with structured cooperative learning.** Research shows that well-designed teams outperform individuals on both mastery and retention. In practice, team-based learning has lifted exam scores in microeconomics courses. Students can form rotating "economist squads" that tackle weekly cases and then sit for two-stage quizzes—first alone and then together with their teams. In the process, they can build exactly the communication and negotiation muscles that employers prize.

4. **Apply behavioral insights to course design.** Classical courses assume perfectly rational learners; reality says otherwise. Drawing on practices supported by classroom-experiment literature, educators can make biases visible. They can drive engagement by sprinkling in small nudges such as the use of deadline-reminder pop-ups, low-stakes gamification, or loss-aversion auctions. When students see themselves overbid in a mock auction or procrastinate despite clear incentives, behavioral economics becomes personal and memorable, not theoretical.

Taken together, these four elements—experiential first contact, transparent assumptions, cooperative work, and behavioral nudges—turn "graphs and theory" into concrete, collaborative, and ethically grounded practice. The learning that results is something that students, recruiters, and faculty all can value.

Break Silos Through Collaboration

Reinventing our curricula to integrate economics is not a solo act. Schools can multiply impact by linking courses with other disciplines and with external stakeholders in several ways:

Joint projects with data science programs. Data science supplies the tools; economics provides the questions. Economists frame hypotheses while data scientists wrangle code, or they do both together in meaningful collaboration.

Because of the intersection of these two academic areas, schools could create more opportunities for economics and finance majors to work with data science students to analyze real-world datasets. At the postgraduate level, students could pursue dedicated degrees focused on both of these disciplinary areas. Students who choose this course of study would learn the language of both disciplines.

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Microinternships with policy agencies. Employers crave fresh talent that is fluent in both economics and business. An internship with local businesses lets students experience the practical applications of classroom education. What students learn in their completed projects feeds into future assessment tasks—such as capstone projects, for example.

Executive education hybrids. Executives often seek a quick refresher on macro trends. With this in mind, schools can offer a condensed "Economics for Decision-Makers" certificate program that is co-taught by faculty and senior analysts from a consulting firm. Participants can tackle real client cases, and the firm can scout potential talent. The revenue earned from these exec ed programs can be used to fund undergraduate scholarships, closing the investment loop for the institution.

Spotlight the Career Runway

Another proven way to rekindle students' interest in the field is to show, not tell, where an economics toolkit can take them. Instead of waiting for majors to wander into faculty offices, schools can embed career signals at several key touchpoints:

First-year career panels. Research by the RBA shows many economics graduates land in public administration and consulting, not just traditional economist posts. This trajectory is similar to the pattern observed in the U.K. Many tech companies hire economists, and several have chief economist roles.

With that in mind, schools can invite alumni who work in varied roles—say, a policy analyst at the central bank, a pricing strategist at a supermarket company, and a senior consultant at a consulting firm—to participate in "careers in economic thinking" panels. Each alum can spend 20 minutes speaking to students about "what my day actually looks like." Hearing those stories early helps students connect classroom models to the realities of economics careers.

Microinternships that match projects to principles. Economics graduates often branch out into diverse professions, ranging from consultancy to data analysis to public policy formulation. Schools can formalize that breadth with two-week microinternships tied to core courses.

For example, students in a managerial economics class could forecast the impact of a state health department's food labeling law on consumer prices, while those in an econometrics elective can analyze a supermarket chain's retail transactions to help the company's leaders determine whether to open cashier-less stores. Short bursts of applied work de-risk exploration and create résumé-ready skills before students choose their majors.

Career-path infographics in every required course. At the end of each week's lectures about a particular concept or skill, faculty can post a slide that presents a "Where This Skill Shows Up" map. These slides might link, for instance, game theory to negotiation roles; cost–benefit analysis to environmental, social, and governance (ESG) risk teams; or labor market models to human capital consulting. In this way, students will repeatedly see economics as a gateway to other aspects of business, rather than a silo. This idea mirrors our earlier recommendation to make assumptions explicit: Transparency builds trust.

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These simple moves do more than advertise jobs to students; they make the discipline feel lived-in. When first-year learners witness an alum estimating demand for renewable energy credits, or when they try their hand at real-time inflation tracking for a local council, they no longer view economics as being about merely "graphs and theory." They view the field as a passport to problem-solving careers—from jobs in data-driven marketing to roles in government treasuries.

That spark of recognition, repeated across cohorts, is what ultimately will reverse the enrollment slide.

Help Learners Take Charge

All this said, schools can do only so much. Students must manage their own learning. Three practices support their growth in this area:

1. **Seeking variety.** Encourage students to take at least one economics elective outside the business school, in subjects such as development economics, environmental policy, or game theory. Providing them with opportunities to learn in a diversity of contexts will help deepen their intuition.
2. **Practicing translation.** Assign learners to explain an economic concept in a LinkedIn post aimed at nonexperts. When students write for public audiences, they will clarify their thinking and build their digital portfolios.
3. **Shadowing decision-makers.** Use the school's alumni network to match students with managers who are willing to share anonymized spreadsheets behind a recent pricing or investment decision. Students can then replicate the analysis and present what they would have done differently. The exercise demystifies the link between classroom models and boardroom action.

Address Common Objections

No matter how beneficial these changes might be to the study of economics, arguments to act on them might be met with resistance. Here are responses to the most common concerns:

"Our curriculum is already full." True, but economies shift faster than syllabi. Replace one outdated elective with a revamped, high-engagement economics course. Then, measure outcomes. If student satisfaction and recruiter interest increase, the trade-off pays for itself. A cycle of curriculum review ensures that program offerings are contemporary and responsive to the labor market.

"Economics encourages selfish behavior." An early study suggests exposure to the discipline can nudge students toward self-interest. However, recent research shows that economics degrees that incorporate contributions from the humanities and other social sciences may mitigate this tendency. For instance, all business students at my institution study business ethics in the first year. Curricular design matters.

"We lack staff with the right skill set." In this case, existing faculty can be upskilled through microcredentials in behavioral science or data visualization. Industry guests can fill gaps in the short run while your school builds capacity.

A Call to Action

Business schools face growing pressure to prove relevance, foster inclusive growth, and contribute to societal well-being. Ironically, the toolkit that helps address those goals—and that inspires academic leaders to think carefully about incentives, trade-offs, and policies—is the same toolkit at risk of disappearing if economics continues to shrink.

Reviving economics education isn't about adding more lectures to the curriculum; it's about reimagining what economics classrooms can be. It's about leveraging methods that support experiential learning, promote explicit transparency, encourage cooperative learning, share behavioral insights, and enhance career clarity.

When we ground lessons in real business problems, state our models' assumptions out loud, let students debate solutions in teams, and design courses that acknowledge human quirks, the discipline regains its bite. We will produce graduates who have skills that employers, policymakers, and communities urgently need. Thinking like economists, these graduates will be able to navigate complexity, lead responsibility, and size up incentives and trade-offs as confidently as they can read a balance sheet.

Economics doesn't need rescuing so much as reframing. Therefore, our goal is simple: Deliver an economics education that is as dynamic as the markets it explains. Let's get there one transparent model, one cooperative case, and one behavior-savvy lesson at a time.

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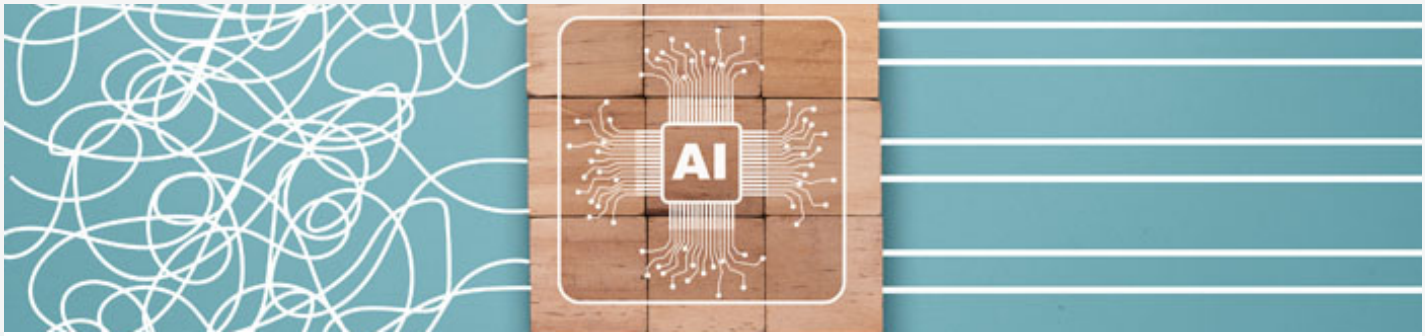

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