

ECONOMICS

UNIT CODE: BUS/CU/AC/CC/02/6

Relationship to Occupational Standards

This unit addresses the unit of competency: Apply Economics Skills

Duration of Unit: 140 hours

Unit Description

This unit specifies the competencies required to apply economics skills. It involves; demonstrating understanding of economic concepts, applying concept of demand in market analysis, applying concept of supply in market analysis, setting prices of the products, applying theory of consumer behaviour, applying production theory, applying theory of costs, differentiating market structures, demonstrating understanding of national income, demonstrate understanding of money and banking, demonstrate understanding of inflation and unemployment and demonstrate understanding of international trade

Summary of Learning Outcomes

1. Demonstrate understanding of economic concepts
2. Apply concept of demand in market analysis
3. Apply concept of supply in market analysis
4. Set prices of the products
5. Apply theory of consumer behaviour
6. Apply production theory
7. Apply theory of costs
8. Differentiate market structures.
9. Demonstrate understanding of national income
10. Demonstrate Understanding of money and banking
11. Demonstrate Understanding of Inflation and unemployment
12. Demonstrate understanding of international trade

Learning Outcomes, Content and Suggested Assessment Methods

Learning Outcome	Content	Suggested Assessment Methods
1. Demonstrate understanding of principles of economics	<ul style="list-style-type: none">• Meaning of terms• Scope of economics<ul style="list-style-type: none">○ Micro and macro economics• The methodology of economics Positive, Normative and scientific• Basic concepts	<ul style="list-style-type: none">• Written tests• Observation• Oral questions• Third party report• Interviewing• Project and report writing

	<ul style="list-style-type: none"> ○ Scarcity, ○ choice, ○ opportunity cost ○ production possibility frontiers curves <ul style="list-style-type: none"> ● Economic systems: free economy, planned economy and mixed economy 	
2. Apply concept of demand in market analysis	<ul style="list-style-type: none"> ● Meaning of terms ● Individual demand versus market demand ● Factors influencing demand ● Exceptional demand curves ● Types of demand ● Movement along and shifts of demand curves ● Elasticity of demand ● Types of elasticity: price, income and cross elasticity ● Measurement of elasticity; point and arc elasticity ● Factors influencing elasticity of demand ● Application of elasticity of demand in management and economic policy decision making 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing
3. Apply concept of supply in market analysis	<ul style="list-style-type: none"> ● Meaning of terms ● Individual versus market supply ● Factors influencing supply ● Movements along and shifts of supply curves ● Meaning of elasticity of supply ● Price elasticity of supply ● Factors influencing elasticity of supply 	<ul style="list-style-type: none"> ● Written tests ● Observation ● Oral questions ● Third party report ● Interviewing ● Project and report writing

	<ul style="list-style-type: none"> • Application of elasticity of supply in management and economic policy decision making 	
4. Set prices of the products	<ul style="list-style-type: none"> • Interaction of supply and demand, equilibrium price and quantity • Mathematical approach to equilibrium analysis • Stable versus unstable equilibrium • Effects of shifts in demand and supply on market equilibrium • Price controls • Reasons for price fluctuations • Government action to stabilise the prices and incomes 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
5. Apply theory of consumer behaviour	<ul style="list-style-type: none"> • Approaches to the theory of the consumer- cardinal versus ordinal approach • Utility analysis, marginal utility (MU), law of diminishing marginal utility (DMU) • Limitations of cardinal approach • Indifference curve analysis • Budget line • Consumer equilibrium; effects of changes in prices and incomes on consumer equilibrium • Derivation of a demand curve • Applications of indifference curve analysis: substitution 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	<p>effect and income effect for a normal good, inferior good and a giffen good; derivation of the Engels curve</p> <ul style="list-style-type: none"> • Consumer surplus 	
6. Apply production theory	<ul style="list-style-type: none"> • Factors of production • Mobility of factors of production • Production function analysis • Short run analysis • Total product, average and marginal products • Stages in production and the law of variable proportions/ the law of <ul style="list-style-type: none"> ○ diminishing returns • Long run analysis • Isoquant and isocost lines • The concept of producer equilibrium and firm's expansion curve • Law of returns to scale • Demand and supply of factors of production • Wage determination theories • Trade unions: functions and challenges • Producer surplus/economic rent 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
7. Apply theory of costs	<ul style="list-style-type: none"> • Short run costs analysis and size of the firm's total cost, fixed cost, average cost, variable costs and marginal cost • Long run costs analysis • Optimal size of a firm 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	<ul style="list-style-type: none"> • Economies and diseconomies of scale 	
8. Differentiate market structures.	<ul style="list-style-type: none"> • Meaning of terms • Necessary and sufficient conditions for profit maximisation • Mathematical approach to profit maximisation • Output, prices and efficiency of: perfect competition, monopoly, monopolistic competition, oligopolistic competition 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
9. Demonstrate understanding of national income	<ul style="list-style-type: none"> • Meaning of terms • Concepts of national income: gross domestic product (GDP), gross national product (GNP) and net national product (NNP), net national income (NNI) at market price and factor cost, disposable income • Approaches to measuring national income • Importance of national income • Circular flow of income • Problems of measurement; uses of national income statistics and their <ul style="list-style-type: none"> ○ limitations • Analysis of consumption, saving and investment and their interaction in a <ul style="list-style-type: none"> ○ simple economic model • Determination of equilibrium national income 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

	<ul style="list-style-type: none"> • Inflationary and deflationary gaps • The multiplier and accelerator concepts • Business cycles/cyclical fluctuations • The differences between economic growth and economic development • The benefits of economic growth • Determinants of economic development • Common characteristics of developing countries • Role of agriculture and industry in economic development • Obstacles to economic development • The need for development planning • Limitation of planning in developing countries 	
10. Demonstrate Understanding of money and banking	<ul style="list-style-type: none"> • Meaning of terms • Characteristics of money • Functions of money • Demand and supply of money • Meaning of banking • Functions of central bank • Functions of commercial banks • Non-banking financial institutions 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing
11. Demonstrate Understanding of Inflation and unemployment	<ul style="list-style-type: none"> • Meaning of terms • Types of inflation 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions

	<ul style="list-style-type: none"> • Causes of inflation: Cost push and demand pull • Effects of inflation • Measures to control inflation • Types and causes of unemployment • Control measures of unemployment • Relationship between unemployment and inflation: the Phillips curve 	<ul style="list-style-type: none"> • Third party report • Interviewing • Project and report writing
12. Demonstrate understanding of international trade	<ul style="list-style-type: none"> • Meaning of terms • Advantages and disadvantages of international trade • Theories of absolute and comparative advantage • Terms of trade, balance of trade and balance of payments • Barriers to international trade • Exchange rates systems • Economic integration • International financial institutions: IMF, World bank, World Trade Organization • Emerging issues in economics 	<ul style="list-style-type: none"> • Written tests • Observation • Oral questions • Third party report • Interviewing • Project and report writing

Suggested Methods of Instruction

- Project
- Demonstration by trainer
- Practice by the trainee
- Discussions
- Direct instruction
- Case study
- Audio –visual aids

Recommended Resources

- Printers,
- Computer,
- Calculator,
- Computer software's,
- Internet connectivity,
- Paper shredders,
- Photocopiers,
- Printers, scanners,
- Stationery

easytvvet.com