

APPLY ECONOMIC PRINCIPLES

UNIT CODE: 0413 551 09A

TVET CDACC UNIT CODE: BUS/OS/HRM/CC/03/6/MA

UNIT DESCRIPTION

This unit specifies the competencies required to apply economic skills. It involves; applying fundamental economic concepts, demand concept in market analysis, consumer behaviour theory, production theory, cost theory, differentiating market structures, determining national income, understanding money and banking, determining inflation and unemployment and understanding international trade.

ELEMENTS AND PERFORMANCE CRITERIA

ELEMENT	PERFORMANCE CRITERIA
These describe the key outcomes which make up workplace function.	These are assessable statements which specify the required level of performance for each of the elements. <i>Bold and italicized terms are elaborated in the range.</i>
1. Apply fundamental economic concepts.	1.1 <i>Economic concepts</i> are identified as per the organizational requirements. 1.2 Economic methodology is selected as per organizational requirements. 1.3 Scope of economic resources are determined as per organizational requirements 1.4 Economic systems are developed as per the organizational requirements 1.5 Resources are utilized effectively as per the economic objectives.
2. Apply demand and Supply in market analysis	2.1 Market demand and Supply dynamics are determined in line with business objectives. 2.2 Factors affecting demand and supply are outlined as per the market trends.

	2.3 Demand and Supply curves are derived as per market trends. 2.4 Decisions are made in line with elasticity of demand and Supply.
3. Apply consumer behaviour theory	3.1 Consumer behaviour approaches are identified as per the market trends. 3.2 Consumer utility is analysed as per the consumer feedback. 3.3 Consumer equilibrium is analysed based on consumer income and product prices 3.4 Indifference curves are applied as per organizational objectives
4. Apply production theory	4.1 Mobility of factors of production is determined as per organizational requirements. 4.2 Output units are determined as per organizational resources. 4.3 Stages of production are identified as per organizational products. 4.4 Long run production period is analyzed as per the organizational objectives
5. Apply costs theory	5.1 Production costs are classified as per organizational production policy. 5.2 Short run costs are analyzed as per Work procedures 5.3 Long run costs are analyzed as per Work procedures 5.4 Cost curves are analyzed as per organizational production policy. 5.5 Optimal size of the firm is determined based on economies of scale.
6. Differentiate market structures.	6.1 Market structures are determined as per economic system 6.2 Market output are determined as per economic system 6.3 Market prices are determined as per economic system 6.4 Market structures are selected as per organizational requirement
7. Determine national income	7.1 Concepts of national income are identified as per the economic policies 7.2 Methods of measuring national income are identified as per regulatory policies 7.3 National income concepts are identified as per economic

	conditions. 7.4 Importance of national income statistics are applied as per the national economic policy. 7.5 Determine national income equilibrium as per national economic policy.
8. Understand Money and Banking	8.1. Functions of money are determined as per the economic requirements. 8.2. Characteristics of money are identified as per financial regulations. 8.3. Financial institutions are identified as per financial market regulatory. 8.4. Functions of central and commercial banks are determined as per financial regulations. 8.5. Functions of non- banking financial institutions are identified as per financial institutions.
9. Determine Inflation and unemployment	9.1 Types of inflation are identified as per the economic conditions 9.2 Inflation causes are classified as per the economic conditions 9.3 Inflation effects are identified as per the economic conditions 9.4 Measures of inflation control are determined as per the regulatory policies 9.5 Unemployment causes are identified as per the economic conditions 9.6 Unemployment control measures are determined as per the regulatory policies
10. Understand International trade	10.1 Concept of international trade is determined as per the economic conditions. 10.2 International balance of payment is determined as per international trade.

RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environment and situations that will affect performance.

Variable	Range
1. Economic concepts may include but not limited to:	• Economic resources • human wants • scarcity and choice • opportunity cost • production possibility curves/frontiers • wealth • welfare
2. National income concepts include but not limited to:	• 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
3. Market structures may include but not limited to:	• Monopoly • Perfect competition • Monopolistic competition • Oligopoly • Duopoly
4. Financial institutions may include but not limited to:	• Banking institutions • Non-banking financial institutions
5. Costs may include but not limited to:	• Fixed costs • Variable costs • Total cost • Opportunity costs • Marginal cost

REQUIRED KNOWLEDGE AND UNDERSTANDING

The individual needs knowledge of:

- Price theory
- Structure of markets and equilibrium
- Banking policies and procedures
- Market trends
- Financial markets

SKILLS

The individual needs the following skills:

- Interpersonal
- Critical thinking
- Communication
- Evaluation.
- Analytical

EVIDENCE GUIDE

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge and range.

1. Critical Aspects of Competency	Assessment requires evidence that the candidate: 1.1 Developed economic systems as per the organization requirement 1.2 Derived demand curve as per the market trends 1.3 Made decisions in line with elasticity of demand 1.4 Derived supply curve as per the market trends 1.5 Made decisions in line with elasticity of supply 1.6 Established Equilibrium price as per the market trends 1.7 Analyzed consumer equilibrium based on consumer income and product price 1.8 Applied indifference curves as per organizational objectives 1.9 Analyzed long run production period as per organizational objectives
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	1.10 Analyzed cost curves as per organizational production policy 1.11 Determined optimal size of the firm based on economies of scale 1.12 Selected market structures as per organizational requirement 1.13 Determined National income equilibrium as per national economic policy 1.14 Identified National income measurement methods based on fiscal policies 1.15 Applied national income statistics as per national economic policy 1.16 Identified financial institutions as per financial market regulatory authority 1.17 Determined functions of money as per economic requirement 1.18 Determined measures of inflation control as per the regulatory policies 1.19 Determined International balance of payment as per international trade
2. Resource implications	The following resources should be provided: 2.1 Access to relevant workplace 2.2 Appropriately simulated environment where assessment can take place 2.3 Materials relevant to the proposed activity or tasks
3. Methods of Assessment	Competency in this unit may be assessed through: 3.1 Practical 3.2 Projects 3.3 Poe evaluation 3.4 Third party reports 3.5 Written test
4. Context of Assessment	4.1The competency may be assessed in a workplace or a simulated workplace

5. Guidance information for assessment	5.1 Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.
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