

ECONOMICS AND ENTREPRENEURSHIP



OVERALL AIM

To equip the learner with knowledge and skills to comprehend, apply and evaluate the principles of economic theory and entrepreneurship

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

	Learning outcomes	K	C	A	An	S	E
1.	Explain economic concepts and terms, their uses and application	✓					
2.	Describe major economic models and theories		✓				
3.	Explain the behaviour of market forces	✓					
4.	Explain the features of international trade	✓					
5.	Describe Uganda's monetary and fiscal systems		✓				
6.	Discuss ethical issues in business		✓				
7.	Discuss the principles of development and policy implementation		✓				
8.	Explain the entrepreneurial process	✓					
9.	Evaluate identified business opportunities						✓
10.	Develop selected opportunities into viable businesses			✓			
11.	Explain the challenges facing entrepreneurs	✓					
12.	Discuss possible solutions to entrepreneurial problems		✓				

LEVEL OF ASSESSMENT

The examinations will test the learner's knowledge, comprehension, application and evaluation of concepts and theories of economics and entrepreneurship

EXAMINATION STRUCTURE

There will be a three-hour examination made up of sections A, B and C. Section A will comprise 20 compulsory multiple-choice questions of 20 marks, of which 10 will come from Economics and 10 from Entrepreneurship. Section B (Economics) will comprise three questions of 20 marks each, of which the candidate will be required to attempt any two. Section C (Entrepreneurship) will comprise three questions of 20 marks each, of which the candidate will be required to attempt any two

DETAILED SYLLABUS

ECONOMICS

A. INTRODUCTION

1. Nature and scope of economics
2. Characteristics of wealth, human wants and needs, resources and goods and services
3. Scarcity, choice and opportunity cost
4. Alternative economic systems
5. Classification of goods
6. Ethical issues that arise from the nature of markets in which business operate, responsibility of business to society as well as internal and industry practices of business

B. PRICE THEORY

1. Concept of demand:
 - (a) Demand, quantity demanded, effective demand and factors that influence quantity demanded
 - (b) Demand schedule, demand curve, down slope of the demand curve and exceptions to the demand curve
 - (c) Joint/ complementary, competitive, composite, fixed, derived and independent demand
 - (d) Change in demand versus change in quantity demanded
 - (e) Utility theory
 - (f) Elasticity of demand
2. Concept of supply:
 - (a) Supply, quantity supplied and quantity produced/ stock of goods

- (b) Joint and competitive supply
 - (c) Determinants of supply and quantity supplied
 - (d) Supply schedule, supply curve
 - (e) Law of supply; upward slope of the supply curve (left to right); exceptions to the supply curve; change in supply and change in quantity supplied
 - (f) Elasticity of supply
3. Price:
 - (a) Market price, equilibrium price, normal/ long-run price, ideal price, reserve price
 - (b) Price determination
 - (c) Price of factors of production
 4. Price mechanism and resource allocation

C. PRODUCTION THEORY

1. Production: Importance and stages; direct versus indirect production; subsistence versus commercial production; factors of production (including mobility of factors of production)
2. Specialisation
3. Theory of the firm
4. Law of diminishing returns
5. Concept of output
6. Costs of production
7. Economies and diseconomies of scale
8. Existence of small firms
9. Concept of revenue
10. Market structures

D. NATIONAL INCOME

1. Gross domestic product, gross national product, net national product, national income at factor cost and market price, real and monetary national income, personal income, disposable income and per capita income
2. Circular flow of income
3. Factors that determine the level of national income

4. National income of a developed versus that of a developing economy
5. Ways of increasing the level of national income
6. Estimation of national income
7. Per capita income
8. Income inequality and distribution
9. Equilibrium and disequilibrium in an economy
10. Multipliers and accelerators

E. MONETARY AND FINANCIAL SYSTEMS

1. Money
2. Interest rate(s)
3. Capital markets
4. Cost of living
5. Commercial and central banking
6. Bank regulation and supervision framework, including provisions of the Financial Institutions Act, 2004; Bank of Uganda Act, 2000; Micro-finance Deposit-taking Institutions Act, 2003

F. INFLATION

1. Types and effects of inflation
2. Policies used to control inflation in Uganda
3. Concept of deflation

G. POPULATION AND LABOUR ECONOMICS

1. Theories of population; changes and effects of population on the economy; population control; under population, over population and optimal population
2. Structure of labour force:
 - (a) Labour and labour force; determinants of labour force in an economy and characteristics of labour force of developing countries
 - (b) Efficiency and productivity of labour
 - (c) Demand for and supply of labour
 - (d) Wages and salaries; wage differentials; nominal and real wages; methods of paying workers; theories of wage payment
3. Trade unions

H. UNEMPLOYMENT

1. Types of unemployment, including their causes, effects and solutions
2. Assumptions and applicability of Keynesian theory of unemployment

I. INTERNATIONAL TRADE

1. Role, advantages and disadvantages of international trade
2. Bilateral and multilateral trade
3. Comparative and absolute advantages
4. Terms of trade, balance of trade and balance of payments
5. Free trade and protectionism
6. Devaluation and revaluation
7. Foreign exchange and foreign exchange rate(s)
8. Economic integration, including the aims and achievements/ failures of the East African Community (EAC) and Common Market for Eastern and Southern African (COMESA)
9. Institutions and agreements in international trade including:
 - (a) General Agreement on Tariffs and Trade
 - (b) International Bank for Reconstruction and Development
 - (c) International Monetary Fund
 - (d) World Trade Organisation
 - (e) United Nations Conference on Trade and Development
10. Foreign aid

J. ECONOMIC GROWTH AND DEVELOPMENT

1. Economic growth and economic development; objectives, costs and benefits of economic growth; barriers to economic growth and indicators of economic development; why economic growth may not necessarily lead to economic development
2. Theories of economic growth and economic development
3. Characteristics/ indicators of underdeveloped economies
4. Factors responsible for underdevelopment
5. Development strategies

K. ECONOMIC DEVELOPMENT PLANNING

1. Importance of planning
2. Partial, comprehensive, micro/ macro, centralised/ decentralised,

authoritarian, project, democratic, indicative, directive and perspective plans/ planning

3. Development plans, including contents and characteristics of a good plan; the planning process; conditions necessary for effective planning; problems encountered in the formulation/ implementation of development plans

L. PUBLIC FINANCE AND FISCAL POLICY

1. Public finance, public revenue, public expenditure, public debt, financial administration, fiscal policy, taxable income
2. Taxation:
 - (a) Reasons for levying taxes and effects of taxation
 - (b) Direct and indirect taxes; progressive, regressive and proportional taxes
 - (c) Impact of tax and tax base; reasons for a narrow tax base in Uganda
 - (d) Marginal rate and average rate of taxation
 - (e) Uganda's tax structure and its impact on the economy
 - (f) Incidence of tax
 - (g) Canons of a good tax system
 - (h) Taxable capacity
3. Public debt, including:
 - (a) National debt and the need for public debt
 - (b) Internal, external, short-term, long-term, medium-term, funded, deadweight, reproductive and floating debts
 - (c) Public debt burden and public debt management
4. National budget:
 - (a) Components of a national budget
 - (b) Balanced, surplus and deficit budgets
 - (c) Importance of a national budget
5. Public finance, including the role of public finance; need for and characteristics of public expenditure and effects of government expenditure on the economy
6. Debt and taxation financing

M. STRUCTURE OF UGANDA'S ECONOMY

1. Features of Uganda's economy: Dualistic, largely agro-based, mixed, dependent, high population growth rate, subsistence, open, unskilled labour force
2. Agricultural and industrial sectors
3. Subsistence and monetary sectors
4. Imports and exports
5. Private versus public ownership of business in Uganda; privatisation of public enterprises
6. Economic dependence
7. Structural adjustment programmes (SAPs)
8. Trade in services

N. ENTREPRENEURSHIP

1. Nature and scope of entrepreneurship:
 - (a) Entrepreneur and entrepreneurship
 - (b) Evolution of entrepreneurship and emergence of entrepreneurs
 - (c) Types of entrepreneurs
 - (d) Characteristics of successful entrepreneurs
 - (e) Challenges of entrepreneurs and solutions
 - (f) Role of entrepreneurship in economic development
2. Business environment:
 - (a) Features
 - (b) Internal/ external business environments
 - (c) Small and medium-size enterprises (SMEs):
 - (i) Meaning of SME
 - (ii) The environment of SMEs
 - (iii) Managing an SME, including human and financial resources, marketing and purchasing
 - (iv) Risk and failure analysis of SME business
 - (v) Advantages and disadvantages of SMEs
 - (vi) Contribution of SMEs to economic development
 - (d) Winding up a business venture, including reasons and ways of winding up

3. Entrepreneurial orientation:
 - (a) Dimensions of orientation
 - (b) Risk taking, including types of risks, risk identification, risk assessment and reward for risk taking
4. Entrepreneurial decision process
5. Enterprise development and protection:
 - (a) Enterprise development:
 - (i) Managing growth in a changing environment
 - (ii) Challenges of growth and expansion
 - (iii) Natural growth of business
 - (iv) Artificial growth through business combinations (mergers and acquisitions/ absorptions/ takeovers), buyouts, franchising, formation of holding company and joint ventures
 - (b) Enterprise protection through prevention of theft and shoplifting; use of patents, trademarks, copyrights, trade secrets and licensing; enforcement of regulations on safety and insurance contracts
 - (c) Reasons for business failure
 - (d) Social and ethical responsibilities of a business
6. Entrepreneurial awareness and motivation, including motivation theories, how to motivate, factors that hinder motivation and impact of motivation
7. Creativity and innovation:
 - (a) Creativity, including process, principles, benefits and limitations
 - (b) Innovation, including sources, principles and benefits; fostering innovations in a business venture
 - (c) Intrapreneurship
8. Creating own business/ self-employment, including:
 - (a) factors to consider, generation of ideas/ spotting and assessing opportunities
 - (b) Selection of type of business organisation/ venture and problems in selecting new ventures
 - (c) Venture life cycle
 - (d) Financing new ventures, including sources of capital, credit analysis and risk assessment; financial planning, analysis and management of finances and accounting and record keeping

- (e) Strategies for managing growth and transition in a venture
 - (f) Benefits and challenges of self-employment
 - (g) Developing an effective business plan, including preparation of the plan
 - (h) Stakeholder management
 - (i) Market research and marketing strategies
 - (j) Operations and management of the business
 - (k) New business opportunities
9. Financing a business through equity, debt/ borrowing, including the advantages and disadvantages of each source of financing
10. Emerging trends in entrepreneurship, including total quality management, e-commerce, globalisation, out-sourcing, networking, social entrepreneurship (not-for-profit) as well as ethics and integrity in business

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4. David S and Wilson N., 2017. Small Business Management and Entrepreneurship, 7th ed, Andover: Annabel Ainscow.
5. Saleemi, N.A., 2018. Economics Simplified, Nairobi: English Press.