

NATIONAL OPEN UNIVERSITY OF NIGERIA

BUS 802



Economic Theory Course Guide

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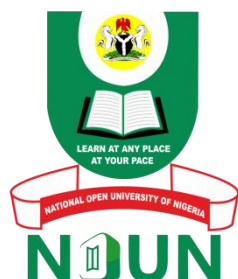
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Published in 2021 by the National Open University of Nigeria

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Introduction

BUS 802 - Economic Theory is a two credit units course for students pursuing second degree in Business Administration in the School of Management Sciences. The course consists of 19 units that involve the basic concepts in Economy Theory. This course guide informs you of what you need to know about the aims and objectives of the course, composition of the course material, arrangement of the modules and study units, assignments, and examinations.

Course Aims

The course is aimed at acquainting students with practicable economic theories, tools of economic analysis, and the applications of economic theories in business decision making. It focuses on the economic management of business ventures, contributions of business firms in production and distribution of goods and services in an economic system, and welfare economics. To ensure the achievement of this aim, some important background information have been provided and discussed, including:

The Circular Flow of Economic Activity

- Analytical Tools and Models of Economic Analysis
- Theories of Consumer Behaviour, Individual and Market Demands
- Theories of Production, Cost, and Profit
- Income Determination, General Equilibrium, and Theories of Money
- Income, Inflation, Output, and Unemployment
- Theories of Distribution and Welfare

Course Objectives

On successful completion of the course, you should be able to:

- distinguish between economic development and economic growth
- list and discuss freely the tools of economic analysis
- describe consumer behavior in terms optimal choice of goods and services
- distinguish between individual and market demands
- explain the theories of production, cost, and profit
- define and compute the national income

- explain general equilibrium, inflation, and unemployment
- list and explain the theories of distribution and welfare
- explain the application of economic theories to business decisions

Working through This Course

To successfully complete this course a student will be required to read all the study units, read texts identified under further reading and other materials which may be provided. A student will also be required to do self- assessment exercise, while some other assignments will be submitted for assessment. A student will find below the major unit components of the course.

Course Materials

Major components of the course are:

1. Course Guide
2. Study Units
3. Assessment
4. Tutor-Marked Assignment
5. References

Study Units

There are six modules in this course broken into 19 units. The modules are made up of interconnected units as follows:

Module 1

Unit 1 The Basic Economic Principles

Unit 2 Tools and Models of Economic Analysis

Unit 3 Market Participants and Circular Flow of Economic Activity

Module 2

Unit 1 Consumer Choice and Maximisation of Utility

Unit 2 Analysis of the Individual and Market Demands

Unit 3 Determinants of Market Demand

Unit 4 Price-Elasticity of Demand, the Demand Function, Total Revenue, and Other Important Elasticities

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Module 3

Unit 1 The Theory of Production

Unit 2 Optimal Input Combinations

Unit 3 The Cost Functions

Unit 4 Profit Maximisation by Linear Programming Methods

Module 4

Unit 1 The Simple Model of National Income Determination

Unit 2 Government, Foreign Trade and the Economy

Unit 3 The Money Market Equilibrium, General Equilibrium, and Monetary Effects of Federal Government Budget

Unit 4 Goals, Instruments, Targets, and Problems Associated with Monetary Policies

Module 5

Unit 1 Income, Employment and the Price Level

Unit 2 Inflation, Output, and Unemployment

Module 6

Unit 1 Distribution of Income, Resource Allocation, and the Theory of Welfare Economics

Unit 2 The Efficiency of Perfect Competition

Assessment

Each unit of the course has a Self-Assessment Exercise. You will be expected to attempt them as this exercise will enable you know if you understood the content of the unit.

Tutor-Marked Assignment

The Tutor-Marked Assignment (TMA) at the end of each unit is designed to test your understanding and application of the concepts learnt. It is extremely important that you submit these assignments to your facilitators for assessment and comment. Tutor-Marked Assignment scores are often assigned through e-TMAs, organised by the University. The total score obtained is usually 30 percent.

Final Examination and Grading

At the end of the course, you will be expected to participate in the final examinations as scheduled. The final examination constitutes seventy (70) per cent of the total grading score for the course.

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Facilitators/Tutors and Tutorials

There are tutorials provided in support of this course. The dates and venue will be worked out. The tutorials would provide the face to face physical contacts with your facilitator.

Summary

BUS 802 - Economic Theory, is ideal for today's public and private-sector administrators and managers. It will enable students carry out research activities and effectively present arguments on the way forward for economic management of productive resources. Having successfully completed the activities as required by the course, you will be equipped with the global expectations of public administrators and private business managers. You will find the course very useful in your daily political, economic, and social decisions. Enjoy the course.