



REPUBLIC OF KENYA

NATIONAL OCCUPATIONAL STANDARDS

FOR ACCOUNTANCY TECHNICIAN

**KNQF LEVEL 6
CYCLE 3**

ISCED CODE: 0411 551A



**TVET CDACC
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NAIROBI**

APPLY ECONOMICS PRINCIPLES

UNIT CODE: 0413 551 03A

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

UNIT DESCRIPTION

This unit specifies the competencies required to apply economic principles. It involves; applying economic concepts, demand concept in market analysis, supply concept in market analysis, setting prices of the products, applying theory of consumer behaviour, production theory, theory of costs, differentiating market structures, determining national income, apply understanding of money and banking, apply understanding of inflation and unemployment and apply understanding of 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 Economic concepts 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 concept in market analysis	<p>2.1 Market demand dynamics are determined in line with business objectives.</p> <p>2.2 Factors affecting demand are outlined as per the market trends.</p> <p>2.3 Demand curve is derived as per market trends.</p> <p>2.4 Decisions are made in line with elasticity of demand.</p>
3. Apply supply concept in market analysis	<p>3.1 Market supply dynamics are determined in line with organization objectives.</p> <p>3.2 Factors affecting supply are outlined as per the market conditions.</p> <p>3.3 Supply curve is derived as per market trends.</p> <p>3.4 Decisions are made in line with elasticity of supply,</p>
4. Set Product prices	<p>4.1 Pricing framework is developed as per organizational financial objective.</p> <p>4.2 Customer purchasing habits are determined in line with market trends.</p> <p>4.3 Products cost are determined in line with organization objectives.</p> <p>4.4 Projected revenues are determined as per desired profitability.</p> <p>4.5 Costs and revenues are bench-marked in line with the industry.</p> <p>4.6 Equilibrium price is established as per the market trends.</p> <p>4.7 Price recommendations are made in line with the organizational objectives.</p>
5. Apply consumer behaviour theory	<p>5.1 Consumer behavior approaches are identified as per the market trends.</p> <p>5.2 Consumer utility is analyzed as per the consumer</p>

	<p>feedback.</p> <p>5.3 Consumer equilibrium is analyzed based on consumer income and product prices</p> <p>5.4 Indifference curves are applied as per organizational objectives</p>
6. Apply production theory	<p>6.1 Mobility of factors of production is determined as per organizational requirements.</p> <p>6.2 Output units are determined as per organizational resources.</p> <p>6.3 Stages of production are identified as per organizational products.</p> <p>6.4 Long run production period is analyzed as per the organizational objectives</p>
7. Apply costs theory	<p>7.1. Production costs are classified as per organizational production policy.</p> <p>7.2. Short run costs are analyzed as per Work procedures</p> <p>7.3. Long run costs are analyzed as per Work procedures</p> <p>7.4. Cost curves are analyzed as per organizational production policy.</p> <p>7.5. Optimal size of the firm is determined based on economies of scale.</p>
8. Differentiate market structures.	<p>8.1 Market structures are determined as per economic system</p> <p>8.2 Market outputs are determined as per economic system</p> <p>8.3 Market prices are determined as per economic system</p> <p>8.4 Market structures are selected as per organizational requirement</p>
9 Determine national	9.1 National income concepts are determined as per

income	<p>national economic policy</p> <p>9.2 Circular flow of income is drawn as per the national economic policy</p> <p>9.3 National income measurement methods are identified based on fiscal policy</p> <p>9.4 National income statistics are applied as per the national economic policy</p> <p>9.5 National income equilibrium is determined as per the national economic policy</p>
10 Demonstrate Understanding of money and banking	<p>10.1 Features of money are identified as per the regulatory authority</p> <p>10.2 Functions of money are determined as per economic requirements</p> <p>10.3 Demand and supply of money is determined as per the economic conditions</p> <p>10.4 Theories of demand for money are identified as per economic requirements</p> <p>10.5 Financial institutions are identified as per the financial market regulatory authority</p>
11 Demonstrate Understanding of Inflation and unemployment	<p>11.1 Types of inflation are identified as per the economic conditions</p> <p>11.2 Inflation causes are classified as per the economic conditions</p> <p>11.3 Inflation effects are identified as per the economic conditions</p> <p>11.4 Measures of inflation control are determined as per the regulatory policies</p> <p>11.5 Unemployment causes are identified as per the economic conditions</p> <p>11.6 Unemployment control measures are determined as</p>

	per the regulatory policies
12 Demonstrate understanding of international trade	<p>12.1 International trade theories are identified as per the schools of thought</p> <p>12.2 International balance of trade is determined as per international trade</p> <p>12.3 International balance of payments is determined as per international trade</p> <p>12.4 Exchange rates are determined as per international trade</p> <p>12.5 Economic integration and regional grouping are evaluated as per international trade</p> <p>12.6 International financial institutions are selected as per international financial markets</p>

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:	<ul style="list-style-type: none"> • Economic resources • human wants • scarcity and choice • opportunity cost • production possibility curves/frontiers • wealth • welfare
2. National income concepts include	<ul style="list-style-type: none"> • gross domestic product (GDP) • Gross national product (GNP) and net national product

but not limited to:	<p>(NNP)</p> <ul style="list-style-type: none"> Net national income (NNI) at market price and factor cost Disposable income
3. Market structures may include but not limited to:	<ul style="list-style-type: none"> Monopoly Perfect competition Monopolistic competition Oligopoly Duopoly
4. Financial institutions may include but not limited to:	<ul style="list-style-type: none"> Banking institutions Non-banking financial institutions
5. Costs may include but not limited to:	<ul style="list-style-type: none"> Fixed costs Variable costs Total cost Opportunity costs Marginal cost

REQUIRED KNOWLEDGE AND UNDERSTANDING

The individual needs knowledge of:

- Computer Operations
- Bank operational procedures
- Legal operating environment
- 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.

<p>1. Critical Aspects of Competency</p>	<p>Assessment requires evidence that the candidate:</p> <p>1.1 Developed economic systems as per financial markets.</p> <p>1.2 Derived demand curve as per market trends</p> <p>1.3 Made decisions in line with elasticity of demand</p> <p>1.4 Derived supply curve as per market trends</p> <p>1.5 Made decisions in line with elasticity of supply</p> <p>1.6 Established Equilibrium in line with market trends</p> <p>1.7 Analysed consumer equilibrium based on customer income</p> <p>1.8 Applied indifference curves as per organizational objectives.</p> <p>1.9 Analysed long run production period as per organizational objectives.</p> <p>1.10 Analyzed cost curves based on organizational objectives</p> <p>1.11 Determined optimal size of the firm based on economies of scale</p> <p>1.12 Selected market structures as per economic systems.</p> <p>1.13 Determined National income equilibrium as per the national economic policy</p> <p>1.14 Identified National income measurement methods</p>
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	<p>based on fiscal policy.</p> <p>1.15 Applied national income statistics per the national economic policy</p> <p>1.16 Identified financial institutions as per financial market regulatory authority.</p> <p>1.17 Determined functions of money as per economic requirements</p> <p>1.18 Determined measures of inflation control as per the regulatory policies.</p> <p>1.19 Determined International balance of payment trade as per international trade.</p>
2. Resource implications	<p>The following resources should be provided:</p> <p>2.1 Access to relevant workplace or appropriately simulated environment where assessment can take place</p> <p>2.2 Materials relevant to the proposed activity or tasks</p>
3. Methods of Assessment	<p>Competency in this unit may be assessed through:</p> <p>3.1 Practical</p> <p>3.2 Projects</p> <p>3.3 Poe evaluation</p> <p>3.4 Third party reports</p> <p>3.5 Written test</p>
4. Context of Assessment	<p>4.1The competency may be assessed in a workplace or a simulated workplace</p>
5. Guidance information for assessment	<p>5.1 Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.</p>