



**MAKERERE UNIVERSITY BUSINESS SCHOOL**

**FACULTY OF ENERGY, ECONOMICS AND MANAGEMENT SCIENCE**

**DEPARTMENT OF ECONOMICS**

**PROGRAMME: BACHELORS OF BUSINESS ADMINISTRATION**

**SEMESTER: TWO      ACADEMIC YEAR: 2025/2026**

**COURSE NAME: BUSINESS ECONOMICS      CREDIT UNITS: 4**

---

Contact hours per week: 4

**Lecturers:**

1. Mr. James Malero

Tel: 0780302432

Email: [jmalero@mubs.ac.ug](mailto:jmalero@mubs.ac.ug)

2. Mr. Charles Kitamirike

Tel: 0770439680

Email: [ckitamirike@mubs.ac.ug](mailto:ckitamirike@mubs.ac.ug)

**Course Prescription**

Business economics introduces economic analysis, with an emphasis on firms and their operating environment. It looks at pricing and output decisions and cost and profit determination in competitive, imperfectly competitive, and monopolistic markets. Also deals with macroeconomic factors and policies affecting business activity in a small open economy.

**Goals of the Course**

Economics is not a collection of facts to be written down and memorized. Economics is a way of thinking about the world – and the world is always changing. Economists have developed a set of simple but widely applicable concepts and principles that are useful for understanding economic situations ranging from decisions that individuals make every day to decisions made by firms and governments in complex markets.

The objective of this course is to help students learn and understand these concepts and principles and to apply them to a variety of economic situations.

**Learning Outcomes**

By the end of this course it is expected that the student will be able to:

- i. Understand and apply supply and demand analysis to relevant economic issues; apply marginal analysis to the “firm” under different market conditions;
- ii. Understand the causes and consequences of different market structures;
- iii. Apply economic models to examine current economic issues and evaluate policy options for addressing these issues;
- iv. Analyse the causes and effects of changes in real GDP;
- v. Understand the concept of macroeconomic equilibrium and implications for the management of the business cycle;
- vi. Identify and explain changes in the money supply and analyse the effects of monetary policy changes.
- vii. Analyse the importance of international trade to an economy and evaluate the effects of government policy measures on the exchange rate and trade.

### **Content outline**

Microeconomics (8 weeks) Microeconomics deals with the economic behaviour of consumers and firms within an economy. The framework developed is used to examine and evaluate the operation of the market mechanism for various market structures and to evaluate the impact of intervention through public policy on economic efficiency and income distribution.

Macroeconomics (4 weeks) Macroeconomics examines how economies function in aggregate. In this course we look at the basic relationships that underlie economists' understanding of what drives macroeconomic variables, and how government policy may impact on these in an economy.

### **Learning and Teaching.**

There will be 4 hours of lectures each week. Attendance is compulsory, and strongly recommended. Students are required to read the background material to each topic and/or lectures to enhance their learning process. Lecturers are always available during working hours for consultation in case of any problem concerning the course unit.

### **Assessment**

Final Examination: 70% Coursework: 30% (Mid-semester Test)

The Final Grade will be  $\text{Coursework}/30 + \text{Exam mark}/70$ . It is advisable to all students to do both course works because should you fail or not sit the Test and then for some reason miss or perform badly in the Final Examination you will not pass the course.

More details will be provided at lectures.

### **GENERAL COURSE CONTENTS**

<b>Parts</b>	<b>Description</b>	<b>Lesson Details</b>	<b>Hours</b>	<b>Resource Person</b>
1	Introduction	<ul style="list-style-type: none"> <li>✓ Definition of Business Economics</li> <li>✓ Branches of Economics</li> <li>✓ Why study Economics</li> <li>✓ Objectives of business firms</li> </ul>	1	James Malero
		<ul style="list-style-type: none"> <li>✓ The five fundamental questions in business economics</li> <li>✓ Choice, Scarcity and Opportunity cost.</li> <li>✓ The Production Possibility Frontier and the firm</li> <li>✓ The PPF and Firm growth</li> </ul>	2	
2	<b>The market analysis</b>	<ul style="list-style-type: none"> <li>✓ The demand and supply functions</li> <li>✓ Law of demand and law of supply</li> <li>✓ Change in quantity demanded/supplied and change in demand/supply</li> </ul>	3	James Malero
		<ul style="list-style-type: none"> <li>✓ Equilibrium price and quantity</li> <li>✓ Price Ceiling and Price floor</li> <li>✓ Consumer Surplus and the Producer Surplus</li> <li>✓ Price, Income and Cross Elasticity of demand</li> </ul>	4	.
	<b>The Theory of consumer Behaviour</b>	<ul style="list-style-type: none"> <li>✓ The cardinal utility Approach</li> <li>✓ Assumptions and limitations</li> </ul>	5	James Malero

		<ul style="list-style-type: none"> <li>✓ Relationship between total utility and marginal utility</li> <li>✓ Equilibrium of a consumer under cardinal</li> </ul>		
		<ul style="list-style-type: none"> <li>✓ The ordinal utility approach</li> <li>✓ Assumptions of the approach</li> <li>✓ Analysis of indifference curves</li> <li>✓ The Budget line</li> <li>✓ Consumers' equilibrium under the ordinal approach</li> </ul>	3	
4	<b>Theory of Production and Costs</b>	<ul style="list-style-type: none"> <li>✓ Introduction (definitions and concepts)</li> <li>✓ Production function</li> <li>✓ Stages of Production</li> <li>✓ Isocosts and isoquants</li> <li>✓ Equilibrium of the firm in the long run</li> <li>✓ Short-run theory of costs</li> </ul>	3	Charles Kitamirike
5	<b>The Market Structures</b>	<ul style="list-style-type: none"> <li>✓ Perfect competition</li> <li>✓ Monopoly</li> <li>✓ Oligopoly</li> <li>✓ Monopolistic competition</li> </ul>	3	Charles Kitamirike
6	<b>Economic growth and National Income</b>	<ul style="list-style-type: none"> <li>✓ Economic growth and other major macroeconomic goals</li> <li>✓ Major macroeconomic problems</li> <li>✓ Measuring economic growth; expressions of National Income</li> <li>✓ Approaches of measuring National Income</li> <li>✓ The circular flow of income</li> <li>✓ GDP per capita as a measure of welfare; computations and Limitations.</li> <li>✓ National income equilibrium; the two sector model</li> </ul>	3	Charles Kitamirike

7	<b>Money and Banking</b>	<ul style="list-style-type: none"> <li>✓ Definition and Functions of money</li> <li>✓ Theories of demand for money</li> <li>✓ The central Bank and its functions.</li> <li>✓ Commercial Banking</li> <li>✓ Concept of Credit Creation</li> </ul>	3	Charles Kitamirike
8	<b>International Trade</b>	<ul style="list-style-type: none"> <li>✓ Basic concepts of international trade</li> <li>✓ Gains from specialization.</li> <li>✓ Free trade and protectionism</li> </ul>	3	Charles Kitamirike
10	<b>Revision</b>			

## REFERENCES

- i. **Business Economics** Textbook By Andrew Ashwin, Mark P. Taylor, and N. Gregory Mankiw, 2013
- ii. **Economics for Business** Textbook by 8th Edition by John Sloman, 2019
- iii. **Business Economics** Textbook by Andrew Gillespie 2010
- iv. **Principles of Business Economics** 2nd Edition Textbook by Prof Joseph G. Nellis, and David Parker, 2007
- v. **Business Economic: A Contemporary Approach** Book by Earl, P. and Wakeley, T., 2005
- vi. **Business Economics: Theory and Practice**, 5<sup>th</sup> Edition, Textbook by Kenneth N., 2008
- vi. vii. **Principles of Economics** 7<sup>th</sup> Edition Textbook by N. Gregory Mankiw