**SSS ONE ECONOMICS**

***SCHEMES OF WORK***

***WEEK 1: CAPITAL AS A FACTOR OF PRODUCTION***

***(MEANING, TYPES, CHARACTERISTICS, IMPORTANCE OF CAPITAL), ENTREPRENEUR AS A FACOR OF PRODUCTION (MEANING AND FUNCTIONS.***

***WEEK 2: DIVISION OF LABOUR (MEANING OF ORIGIN, ADVANTAGES AND DISADVANTAGES, LIMITATIONS)***

***SPECIALIZATION (MEANING, ADVANTAGES AND DISADVANTAGES)***

***WEEK 3: SCALE OF PRODUCTION (SMALL, MEDIUM AND LARGE)***

1. ***MEANING OF SCALE OF PRODUCTION***
2. ***CHARACTERISTIC OF SCALE OF PRODUCTION(INTERNAL AND EXTERNAL ECONOMIES OF SCALE) INTERNAL AND EXTERNAL ECONOMIES***

***WEEK 4 FIRM AND INDUSTRY***

1. ***Definition of firm, plant and industry***
2. ***Factors that determine the size of a firm***
3. ***Concept of total-product(TP), marginal product (MP) and average product(AP)***

***WEEK 5: Business organization***

1. ***Meaning and types***

***Sole proprietorship and partnership***

1. ***Their meaning***
2. ***Characteristics***
3. ***Source of fund***
4. ***Advantages and disadvantages***
5. ***Contributions to the economy***

***WEEK 6 : Joint stock companies***

1. ***Private and Public liability companies***
2. ***Characteristics***
3. ***Advantages and disadvantages***
4. ***Contributions to the economy***
5. ***Shares, bounds, debentures etc***

***WEEK 7: Co-operation society***

1. ***Meaning and types***
2. ***Features***
3. ***Advantages and disadvantages***

***WEEK 7 : Public Enterprises***

1. ***Meaning and types***
2. ***Features***
3. ***Reasons for setting up***
4. ***Advantages and disadvantages***

***WEEK 8: Population***

1. ***Definition***
2. ***Determinants of population size***
3. ***Population growth, (increasing population and ageing) declining population***
4. ***Implication of size and growth of population***

***WEEK 9: Population census***

1. ***Definition***
2. ***Types***
3. ***Importance***
4. ***Problems***

***Population structure or distribution (sex, age, geographical & occupational dis***

***tribution)***

***WEEK 10: Theories of population***

1. ***Malthusian theory***
2. ***Demographic transition theory***
3. ***Population and economic development, under population, optimum & over population***
4. ***How to control population growth***
5. ***How to control population growth***

***WEEK: 11***

***LABOUR MARKET***

***DEFINITION***

***CONCEPT OF LABOUR FORCE***

***FACTORS AFFECTIONG THE SIZE OF LABOUR FORCE***

***MOBILITY OF LABOUR***

***WEEK: 12 REVISIONS AND EXAMINATION***

**WEEK ONE**

**TOPIC: CAPITAL**

Capital can be defined as wealth reserved or set aside for the production of further wealth.

Capital also refers to all man – made productive assets, that is all man – made wealth or goods used to produce other goods and services.

Examples of capital are machines, tools, factory, buildings, raw material, fuel, money, semi-finish goods and other equipment used in the production of goods and services. The reward for capital is INTEREST.

**TYPES OF CAPITAL**

1. FIXED CAPITAL: These are those durable assets of a business or productive unit that can last for a very long time. These assets or capital do not change their form in the process of production. In other words, they are the durable investment which requires renewal only at fairly long intervals. It includes items such as factory building, machinery, tools etc.
2. CIRCULATING CAPITAL OR WORKING CAPITAL: It consists of capital goods which either change their form or are used up in the process of production. Examples of working capital include raw materials, fuel, water, etc.

Most forms of circulating capital are required on a regular basis in order to maintain production.

1. CURRENT CAPITAL OR LIQUID CAPITAL: This refers to those things needed for day to day running of the business. Examples include money used to buy raw materials, money used in paying wages and salaries etc.
2. SOCIAL CAPITAL: This includes those forms of capital or assets provided by the government that aid production. Examples of social capital are amenities provided by the government such as roads, electricity, water, telephones, etc.

**IMPORTANCE OF CAPITAL**

1. Capital facilitates production
2. It improves efficiency in production
3. Capital improves the standard of living
4. Improvement in the quality of goods
5. Capital ensures the smooth running of business
6. It saves time in productive activities
7. Availability of variety of goods.

**THE ENTREPRENEUR**

An entrepreneur can be defined as the factor of production that co-ordinates and organizes other factors of production ( Land, labour and capital) in order to produce goods and services. The entrepreneur is the chief co-coordinator, controller and organizer of the production process.

The reward for entrepreneur is PROFIT

**FUNCTIONS OF THE ENTREPRENEUR**

1. Risk bearing: he bears the risk associated with the business
2. Provision of capital: the entrepreneur provides the capital required for running the business
3. He has the responsibility of taking major policy decisions, and ensures that the decisions are carried out.
4. The entrepreneur controls and manages the business
5. Controls other factors: He has absolute controls over other factors of production
6. Efficient management: The entrepreneur also plays the role of maintaining efficient management in production lines.

Questions:

1. Explain five characteristics and five importance of entrepreneur.
2. What is an entrepreneur?
3. Itemize five functions of an entrepreneur
4. Define capital
5. List 5 characteristics of capital.

**WEEK 2 DIVISION OF LABOUR**

Division of Labour is defined as a system of breaking down production processes into different stages so that each stage is undertaken or handled by an individual or group of an individual. The principle of the division of labour is a major characteristic of present –day economic system.

**ADVANTAGES OF DIVISION OF LABOUR**

1. **Increase in output:** The total output of an organization increases when each worker specializes in a task in the production process.
2. **TIME SAVING:** Division of Labour helps to save time that would have been wasted in moving from one operation to another or from one machine to another.
3. **DEVELOPMNET OF GREATER SKILL:** Division of Labour enables each worker to develop greater skill through repetition of the same process.
4. **LARGER SCALE PRODUCTION:** Division of Labour lead to large production of goods or products.
5. **CREATION OF EMPLOYMENT OPPORTUNITY:** Division of Labour helps in the employment of people who are experts to handle the various stages of production in a firm.
6. **LESS FATIGUE:** In division of Labour a worker concentrates on only a portion of the production and since he makes use of machine and work together with others, he does not get tired easily.
7. Division of Labour reduces the cost per unit of output and increases the profit ability of the producer.
8. It encourages mechanization or the use of machinery, especially specialized machines.

**DISADVANTAGES OF DIVISION OF LABOUR**

1. **MONOTONY OR REPETION:** In division of Labour, a worker performs the same job on daily basis, the job therefore becomes monotonous and boring to him and this may lead to loss of interest in the job being done.
2. **DECLINE IN CRAFTSMANSHIP:** As a result of the use of machine in division of labour people no longer make use of their skills in the production of goods, rather, they become machine – minders.
3. **RISK OF UNEMPLOYMENT:** If somebody is a specialist on a single job, he faces the danger of unemployment if he loses that job, as he will find it difficult to get another job.
4. **IMMOBILITY OF LABOUR:** Continuous and active stay on a particular job makes it difficult for a worker to change to another type of work if the need arises.
5. **PROBLEMS FROM INCREASED INTERDEPENDENCE:** Division of labour has meant that workers and industries may have to depend on one another before production can take place. Absence of such a worker or industry may result in the closure of the entire production.

**LIMITATIONS OF DIVISION OF LABOUR.**

1. Extent or size of the market.
2. Level of technology
3. Nature of the product
4. Availability of labour input
5. Availability of capital
6. Goods produced according to specification.

**SPECIALISATION**

**SPECIALISATION:** is the concentration of the production efforts of an individual, a firm, or a geographical area on a given aspect of economic activity or on a particular line of production in which it has the greatest advantage over others.

Specialization is a result of the division of labour.

**CLASSIFICATION OF SPECIALISATION**

1. **SPECIALISATION BY PRODUCT:** This type occurs when a manufacturer concentrates on producing particular types of goods. For example, a firm like Dangote cement produces only cements.
2. **SPECIALISATION BY PROCESS:** This occurs when productive processes are divided into different stages and each stage is handled by different groups of firms.
3. **SPECIALISATION BY SEX:** In some countries, the laws and customs reserves some occupations exclusively for the males and others for the females. In such a situation they eventually become specialists in their respective occupations. For example, men are employed as drivers of trailers.
4. **GEOGRAPHICAL SPECIALISATION OR TERRITORIA DIVISION OF LABOUR:** In this case, different geographical areas or territories concentrate on the production of particular commodities. In Nigeria, for example, the north produces cotton groundnut and etc while the south produces cocoa and palm products. This type of specialization is determined by the climate and the natural resources available in the area.

**QUESTIONS**

1. Define Division of labour
2. State and explains types of specialization.
3. Discuss the advantages and disadvantages of division of labour and specialization.

**WEEK 3: SCALE OF PRODUCTION**

SCALE OF PRODUCTION: This simply means the size of a firm’s productive capacity.

Scale of production also refers to the size of operation adopted by firm. A firm can be a small scale or medium scale or large scale depending on its capacity.

1. **Small scale production:** This occurs when the productive capacity of a firm is small. There is small output of goods.
2. **Medium scale production:** This occurs when the output is larger than small scale but lower than large scale. It has lower cost of production than small-scale
3. **Large scale production:** It means that the firm’s productive capacity is large. The output is large and the size adopted in production is big.

As a firm increases its output it will enjoy some benefits referred to as economies of large scale production.

**ECONOMICS OF SCALE:** Economies of scale can be define as the growth of a firm as a result of the expansion of the volume of productive capacity resulting in the increase in output and a decrease in its cost of production per unit of output. These are the advantages both internal and external which a firm enjoys when it expands the size of output.

**Types of Economics of scale**

1. Internal economies and internal diseconomies.
2. External economies and external diseconomies.

**INTERNAL ECONOMIES OF SCALE**

Internal economies, also known as the economies of large scale production are the advantages firm devices or obtain as a result of its increase in size and expansion of its output.

As the size of the firm increases or expands, this will lead to greater efficiency and a resultant fall in the cost per unit of output.

**CLASSIFICATION OF INTERNAL ECONOMICS**

1. FINANCIAL ECONOMIES: This simply means the ability Of a firm to secure funds cheaply and easily from financial institutions to finance it operation. The major sources of funds are borrowing from financial institutions and issuing of debentures and shares.
2. MANAGERIAL ECONOMIES: As a firm’s scale of operation increases, it can employ highly qualified and competent personnel. These skilled employees will contribute a lot to the efficiency and productivity of the organization.
3. TECHNICAL ECONOMIES: This is the application of modern machines coupled with the employment of technical experts who handle these machines for positive result.
4. WELFARE ECONOMIES: A large firm is able to raise efficiency of labour through improving the conditions under which people work by providing them with canteens, recreational facilities, medical facilities, etc.
5. MARKETING ECONOMIES: A large firm can buy raw materials in bulk, produce in large quantities and distribute to many areas where they are required.
6. RISK BEARING ECONOMIES: A large organization can spread its risks. When there is instability in the business environment they can withstand any loss or liability.
7. RESEARCH ECONOMIES: Large organization can establish their own laboratory and carry out research and developmental programs. This will lead to new invention and possibly better and cheaper methods of production.

**INTERNAL DISECONOMIES**

Internal diseconomies on the other hand can be defined as the disadvantages which a firm undergoes as a result of expansion, resulting in less efficiency and increase in the cost per unit of output as a result of managerial problems.

**DISADVANTAGES OF LARGE SCALE PRODUCTION**

1. Delay in decision making: As a firm grows in size, decision making process will take longer time.
2. Less personnel relationship between workers and management: As a firm grows in size the rapport and interaction that exists when it was small is no more present.
3. Difficulties In co-ordination and control of staff: When a firm grows in size, it might be very difficult to co-ordinate and control the staffs.
4. Over production and Resource Wastage: One major disadvantage of large scale production is the fact that resources can be wasted in production. This is because goods can be overproduced.
5. Large firms take a long time to change their methods of production or to respond to changes in the market. Time is usually wasted before final decisions are reached.

**EXTERNAL ECONOMIES**

External economies are cost saving advantages which can be enjoyed only by the firms in the same industry. They are benefits due to localization of industry. In other words, External economies are the advantages a firm derives from increase in its output and decrease in costs due to helps the firm receives from other firms especially in the use of their products.

**CLASSIFICATION OF EXTERNAL ECONOMIES SCALE**

1. Economies of by-products
2. Technical economies
3. Finance economies
4. Infrastructural economies
5. Research economies

**External Diseconomies**

External diseconomies on the other hand are the increased costs a firm will experience as a result of increasing its output resulting from external effects.

**Questions**

1. What do you understand by economies of scale:
2. Explain types of economies of scale
3. Write short notes on
4. Small scale production
5. Medium scale production
6. Large scale production.

4.Explain the internal economic of scale.

**WEEK 4: DEFINITION OF FIRM, PLANT AND INDUSTRY FIRM.**

**FIRM**

The firm is an independently administered business unit carrying out production, construction, or distribution activities. Examples of firm in Nigeria are Dangote cement, Cadbury Nigeria Plc.

**PLANT**

This is the same as the factory. It consists of the tools, equipment, machines and buildings of a business concern. It is a business establishment or the actual place where production is organized. E.g Aladja steel plant, etc.

**INDUSTRY**

An industry consists of a group of firms producing broadly similar commodities. Examples are the shoe industry, the transport industry, the cement industry, etc.

**FACTORS THAT DETERMINE THE SIZE OF A FIRM**

1. Capital Available
2. Size of the market
3. Ability of the entrepreneur
4. Availability of raw material
5. Level of technology
6. Efficiency of management
7. Policy of the government
8. Nature of the product
9. Stage of development

**CONCEPT OF TOTAL PRODUCT (TP), AVERAGE PRODUCT (AP) AND MARGINAL PRODUCT (MP)**

1. TOTAL PRODUCT (TP): Total product refers to the total quantity of goods produced at a particular time as a result of the use of all the factors of production.

Point of diminishing returns

total

output Total product

0 unit of labour

Symbolically written as TP = AP X Q

1. AVERAGE PRODUCT (AP): Average product is defined as the output per unit of the variable factor (labour or capital) employed. This is obtained by dividing the total output by the number of labour or capital employed.

Y

AP

AP

Unit of Labour X

AP=TP/Q

1. MAGINAL PRODUCT (MP): This is the additional product produced as a result of the application of additional unit of a variable factor when all other factors are fixed.

Y

MP

Unit of Labour X

Symbolically written as MP = CHANGE IN TP/CHANGE IN VARIABLE FACTOR =

TP1 – TPO

Q1 –QO

TOTAL PRODUCT, AVERAGE PRODUCT AND MARGINAL PRODUCT

VARIABLE UNIT FIXED FACTOR TOTAL PRODUCT AVERAGE PRODUCT MARGINAL PRODUCT

OF LABOUR hectares of land (Kg) (Kg) (kg)

1 3 8 8 ……

2 3 18 9 10

3 3 36 12 18

4 3 48 12 12

5 3 55 11 7

6 3 60 10 5

7 3 60 86 0

8 3 56 7 -4

RELATIONSHIP BETWEENTOTAL PRODUCT, AVERAGE PRODUCT AND MARGINAL PRODUCT.

The relationship between total products, average product and marginal product can be demonstrated by a graph. Both TP and MP initially rise. The TP curve remains at maximum point when MP is zero. TP declines after MP = 0 and MP afterwards assumes negative values.

QUESTIONS

1. Write short note on (a) firm (b) plant (c) industry

Tonnes of fertilizer applied total product in bags marginal product

0 1000 …….

1 1100 100

2 1250 150

3 1500 250

4 …….. 400

5 …….. 250

6 ……. 125

7 2350 ……..

8 2380 ……..

9 2330 ……..

1. What will be the total output of maize when no fertilizer is applied to the land? (2b) Calculate the total product after the application of the following quantities of fertilizer (i) 4 tonnes (ii) 5 tonnes (iii) 6 tonnes (c) calculate the marginal product after the application of the following quantities of fertilizer (i) 7 tonnes (ii) 8 tonnes (iii) 9 tonnes.

**WEEK 5 BUSINESS ORAGNISATION**

Business organization can be defined as an enterprise set up by an individual or group of individuals, government or its agencies for the main purpose of making profit and providing goods and services for the satisfaction of human wants.

TYPES OF BUSINESS ORGANISATIONS

1. PRIVATE ENTERPRISES: Private enterprises are the enterprises owned and managed by private individuals. The major forms of private organizations are listed; (1) sole proprietorship (2) partnership (3) private and public limited liability companies and co-operative societies (4) co-operative societies. Examples include Nestle Nigeria Plc., Cadbury Nigeria Plc.

**PUBLIC ENTERPRISES**

PULIC ENTERPRISES are government or state –owned business organization which are usually set up by Act of legislation, with main aim of maximizing public welfare. Example in Nigeria include the federal Radio corporation of Nigeria (F R C N), the Nigeria Ports Authority (N P A) etc.

**CHARACTERISTICS OR FEATURES OF PUBLIC ENTERPRISES**

1. They are owned by the government and usually set up by Act of Legislation or Act of Parliament.
2. The government provides the capital for setting up the business
3. Objectives is to provide social services
4. The business is controlled by a board of directors appointed by the government.
5. A public enterprise is a legal entity or a corporate body.

**SOLE - PROPRIETORSHIP**

SOLE - PROPRIETORSHIP may be defines as a business organization established, owned, financed and controlled by one person with the aim of making profit. The sole - proprietorship, also popularly referred to as one – man business is the oldest and the most common type of business organization.

**CHARACTERISTICS OF SOLE PROPRIETORSHIP**

1. OWNERSHIP: The business enterprise is owned by one person.
2. UNLIMITED LIABILITY: The owner of the business is personally liable for the debt incurred by the firm. If the business fails, his personal properties can be sold to settle the debt.
3. NOT A LEGAL ENTITY: Under the law, the owner and the business are the same. It cannot sue or be sued on its own.
4. OWNER PROVIDES ALL THE CAPITAL: The capital to finance the business is solely provided by the owner.
5. NO SHARING OF PROFIT: In a one-man business, the profit or loss goes to the owner alone.
6. BEARS RISK ALONE: The owner bears the risk of production alone.
7. He takes decisions alone.

**SOURCE OF CAPITAL OF A SOLE PROPRIETORSHIP**

1. Personal saving
2. Loan from friends
3. Loan and overdraft from banks
4. Grants/loan from Government
5. Trade credit

**ADVANTAGES OF SOLE PROPRIETORSHIP**

1. It involves small capital
2. It is easy to establish
3. Decision taking is quick
4. It is easy to manage
5. All profits belong to the owner
6. It can fit any environment
7. There is privacy in conducting business affairs
8. The one-man business is easy to set up and organize
9. The sole-proprietorship is suitable where there is need for special products and small market for goods and service.
10. It maintains close personal contact with customers.

**DISADVANTAGE OF SOLE PROPRIETORSHIP**

1. There is limited capital to finance the business
2. The sole proprietor has unlimited liability
3. The business is not a separate legal entity.
4. The business has uncertainty of continuity
5. The sole proprietor lacks the advantages of specialization
6. The sole proprietor bears all risks alone.

**THE PARTNERSHIP**

A partnership may be defined as a type of business organization in which two to twenty persons agree legally to set up and manage a business outfit with the sole aim of making profit.

**FEATURES OR CHARACTERTICS OF PARTNERSHIP**

1. The number of partners in Nigeria ranges from two to twenty for most business, but two to ten for a banking business
2. The active partners usually take the major decisions together.
3. The partners contribute capital or skill or both according to the agreement reached. In return each of them receives a proportion of the profits as agreed.
4. The partners bear the risks of the enterprise jointly. With the exception of the limited partner, the partners have unlimited liability.
5. The business is not a separate legal entity and cannot therefore sue or be sued in its own name.
6. The control and management of the business is in the hands of the active partners.
7. The motive of setting up a business is to maximize profit.

**TYPES OF PARNERSHIP**

1. **LIMITED PARTNERSHIP:** Limited partnership is a type of partnership which is formed and registered under the limited partnership Act. In a limited partnership, there must be one general partner with unlimited liability or responsible for the debts of the firm. The others are limited partner whose liability is limited to the amount invested. The partners cannot take equal part in management and administration of the business.
2. **General or ordinary partnership:** In general partnership, partners have equal responsibility and power and each may participate in the management of the business. They are equally responsible for the liability of the partnership, which is unlimited. All of them take part in the day- to – day running the business and are liable or responsible for the debts of the firm.

**TYPES OF PARTNER**

1. **ACTIVE PARTNER**: This is the partner who takes active part is the formation, financing and management of the business.
2. **SLEEPING OR DORMANT PARTNER**: This partner only contributes part of the capital used in the formation and running of the business but does not take part in management and organization of the business.
3. **NOMINAL OR PASSIVE PARTNER**: This partner exists only in name or word because; he contributes nothing but his names in the formation of the business. He is a person whose high standing or reputation in the society can increase the goodwill of the firm in order to ensure certain benefits to the organization.

**ADVANTAGES OF PARTNERSHIP**

1. Capital is more easy obtained
2. The business has greater continuity than the sole proprietorship.
3. There is privacy in conducting business affairs
4. Join decision making
5. Greater possibility of expansion.

**DISADVANTAGES OF PARTNERSHIP**

1. The partnership has limited capital: The maximum number of partners in the partnership is twenty.
2. There is unlimited liability for the active partners: If the business fails the private assets of active partner may have to be sold to meet the business debts.
3. The business may not have perpetual existence: The death or withdrawal of active partner may lead to the end of the partnership.
4. The business is not a separate legal entity: A partnership cannot sue or be sued in its owner right.
5. Slow in decision and policy making: All members have to be consulted before any major decision is taken
6. Disagreement may end the business.

SOURCES OF CAPITAL FOR PARTNERSHIP

1. Personal contributions from partners
2. Loans and overdraft
3. Trade credit
4. Undistributed profit
5. Admission of new partners.

QUESTIONS:

1. What are the differences between a one – man business and partnership?
2. Explain the advantages and disadvantages of sole proprietorship.

**WEEK 6**

**PRIVATE LIMITED LIABILITY COMPANY**

A private limited liability company is defined as one which by its activities restricts the rights to transfer its shares, limits the number of its shareholders from two to fifty, and prohibits any invitation to the public to subscribe for its shares and the name of the private liability company must end with the abbreviation of limited. e g. Bluebird Nigeria limited, Ausmer Nigeria limited etc.

**FEATURES OR CHARACTERTERTICS OF PRIVATE LIMITED LIABILITY COMPANY**

1. It is owned by two to fifty: the number of people that can form a private company should be between two and fifty.
2. Restriction of shares: there is restriction on the transfer of its shares. The shares of a private company are not easily transferable.
3. Limited liability: In the event of liquidation the shareholders lose only the total money invested in the business. The liability does not extend to their private property.
4. Perpetual existence: The withdrawal or death of a shareholder may not affect the existence of the companies.
5. Legal entity: it is recognized as a legal personality in law. It is quite district from the owners in the eyes of the law. The business can sue or be sued in its own name, without involving the owner.
6. Shares are not quoted on the stock market: its shares are not quoted on the market. Therefore they cannot be bought or sold on the stock market.
7. Objective: the major aim of private limited company is to make profit.

**ADVANTAGES OF PRIVATE LIMITED LIABILITY COMPANY**

1. LARGE CAPITAL: Private Limited Liability Company can easily raise capital as a result of many shareholders that form the business.
2. Shareholder have limited liability
3. It has legal entity
4. Continuity of existence
5. Possibility of expression
6. Large profit

**DISADVANTAGES OF PRIVATE LIMITED LIABILITY COMPANY**

1. LIMITED CAPITAL: The capital available in a private company is not as large as that of a public company because they cannot appeal to the public for extra capital through the issuing of shares.
2. Shares are not easily transferred.
3. Delay in decision making.
4. Lack of privacy: Financial statements are usually submitted to the registrar of companies annually.
5. It prohibits invitation to shares: it does not allow the public to subscribe to its shares.

**PUBLIC LIMITED LIABILITY COMPANY**

Public limited liability companies are owned by private individuals and organizations. In this types of company, the minimum number of person that can form it is seven, while it has no maximum number. Public is used here in the sense that any member of the public is free to purchase shares in the business when shares are advertised for sale and the name of the public limited company must end with the abbreviation ‘Plc’.

**FEATURES OR CHARACTERTERTICS OF PUBLIC LIMITED LIABILITY COMPANY**

1. The number of shareholder range from seven to infinity.
2. The business is a separate legal entity.
3. The shareholders enjoy limited liability
4. The business has a perpetual existence.
5. Capital is raise through the issuing of shares i.e. shares are advertised for sale to the general public. Capital can also be raised by issuing debentures and by borrowing from banks.
6. Shares are easily transferable: Any shareholder is free to sell his shares in the business any time he likes. Since the shares are quoted on the stock exchanges.
7. The public limited company must have its account publicized, usually annually.
8. Shares are quoted on the stock market.

**ADVANTAGES OF PUBLIC LIMITED LIABILITY COMPANIES (PLC)**

1. The business has large resources of capital because of the large number of shareholders in the company.
2. Shareholders enjoy limited liability.
3. The business risks are shared among a large number of persons
4. The business has perpetual existence.
5. The shares of the company are easily transferable for cash
6. The company has the ability to secure efficient managers and other skilled personnel
7. The business is a separate legal entity.

**DISADVANTAGES OF PUBLIC LIMITED LIABILITY COMPANY**

1. Lack of privacy in financial reporting.
2. There is delay in taking decisions
3. It is also difficult to set up a joint-stock company
4. Large capital requirement
5. The shareholders cannot control the business
6. There is lack of personal contract between the management and employees and between the company and its customers.

**SHARES, BOUNDS AND DEBENTURES**

**SHARES:** A share can be defined as a unit of capital of a company allocated to an individual.

**DEBENTURE:** This is a document given under a seal by a company in acknowledgement of a debt undertaking to repay the stated sum on or certain date and to pay a fixed rate of interest.

QUESTTIONS:

1. Compare and contrast the private limited company with public limited company
2. Explain 5 reasons why joint stock company is preferable to sole trading
3. Differentiate between ordinary shares and preference shares.
4. Explain five sources of finance that are available to a public limited company

**WEEK 7**: **CO-OPERATIVE SOCIETIES**

A co-operative society is defined as a voluntary business organization in which a group of individuals with common interest pool their resources together to promote the economic welfare of their members in production, distribution and consumption of goods and services.

**TYPES OF CO-OPERATIVE SOCIETIES**

1. **CONSUMERS CO-OPERATIVE SOCIETY:** A consumers’ co-operative society is an association of consumers. They buy goods in bulk at wholesale prices from manufactures and sell them at retail prices to both members and non-members of the co-operative. The by-pass the middlemen in order to get these goods at cheaper rates and then distributes them to their members.
2. **PRODUCERS CO-OPERATIVE SOCIETY:** This is the association of producers of similar products who have come together in order to promote the production and sale of their products. Members of this society like farmers and other producers contribute money in order to buy or hire equipment, machinery and raw material at reduced rates meant for the promotion of their productive activities e.g. agricultural co-operatives society.
3. **CREDIT AND THRIFT CO-OPERATIVE SOCIETY:** This is one of the commonest co-operative societies found in our present day society. In this society, members are encouraged to save their money together, of which, all or part of it may be lent to any member that is in need.

**FEATURES OF CO-OPERATIVE SOCIETY**

1. There is usually no limit to the size of its membership.
2. It is usually open to persons with identical interests who wish to join.
3. Profit or dividends are shared according to the purchase from or sales to the society within a given trading year.
4. All the members bear the risks of the business jointly.
5. The aim of setting up a co-operative society is to maximize the welfare of the members who have pooled their resources.
6. Management and control is democratic.
7. Co-operative societies are owned by two persons to any number.
8. Co-operative societies are owned by people with common interest.
9. They are not necessarily formed to make profit but to promote the economic activities and welfare of their members.
10. Capital is raised through voluntary contributions from the members.
11. The liability of members is limited to the amount contributed to the society.
12. A co-operative society is similar to a limited liability company, as it can exist in perpetuity.

**ADVANTAGES OF CO-OPERATIVE SOCIETY**

1. ENCOURAGEMENT OF SOCIETY: Co-operative societies encourage saving habits among their members.
2. Provision of loan facilities to members: Members find it very easy to obtain loans from the society, which would have been difficult to get from financial institutions.
3. Improve members’ standard of living: They improve the standard of living of their members by providing goods when they cannot buy on their own. e g. land, electronic, etc.
4. Encourage Joint Marketing of Products: They organize joint marketing, transportation and distribution of their products.
5. Pooling of resources for investments: They pool resources together to invest in different areas of investment opportunity.
6. Perpetual existence: Co-operative society can exist for a long period of time.

**DISADVANTAGES OF CO-OPERATIVE SOCIETY**

1. Insufficient capital: The capital available for investment is very low. Most of the members are low income earners.
2. High rate of embezzlement: Most of the leaders in co-operative society are highly corrupt, some often embark on embezzlement and misuse of funds belonging to the societies.
3. Problem of loan recovery: The society may not be able to recover loans given to members. This may destabilize the society.
4. High level of illiteracy: There is wide spread illiteracy among members which makes their education and training very difficult
5. A major problem for co-operative society is the difficulty of finding experienced person to manage the business.

**PUBLIC ENTERPRISES**

Public Enterprises, also known as public corporations are government or state-owned business organizations which are usually set up by Act of legislation with the main aim of maximizing public welfare. Examples in Nigeria include the Federal Radio Corporation of Nigeria (F.R.C.N), The Nigeria Ports Authority (N.P.A), The Nigeria Railway Corporation (N.R.C), etc

FEATURES OF PUBLIC ENTERPRISES

1. They are owned by the government usually set up byAct of Legislation or Act of parliament
2. The government provides the capital for setting up the business.
3. They are established purposely to provide essential services for the generality of the people.
4. The business is controlled by a board of directors appointed by the government.
5. The management of the business is accountable to the government that set up the business
6. Public enterprise is a legal entity or a corporate body.
7. Not profit oriented

**ADVANTAGES OF PUBLIC ENTERPRISES**

1. Provision of infrastructural facilities
2. Availability of large capital
3. There is continuity
4. Development of capital project
5. Avoidance of exploitation of consumers
6. Creation of higher standards of living
7. Accountability to the public
8. Provision of employment opportunities

**DISADVANTAGES OF PUBLIC ENTERPRISES**

1. Lack of privacy
2. Delay in decision- making process
3. Corruption and embezzlement
4. Danger of government interference
5. Inadequacy of funds
6. Not profit oriented
7. Danger of monopoly

**REASONS FOR PUBLIC ENTERPRISES**

1. Provision of essential and infrastructural facilities
2. For security and strategic reasons
3. Limitation of foreign controls of the economy
4. Safeguard economic and political interest
5. Large capital requirement
6. Control of monopoly
7. Employment opportunities.
8. To stabilize price
9. Increase in the standard of living

QUESTIONS:

1. Explain six reasons for government participation in business enterprises.
2. Explain any five differences between public limited companies and public corporations.
3. How are public corporation financed.
4. Explain the ways in which government participates in economic activities.

**WEEK 8: POPULATION**

Population refers to the total number of people living within a geographical area or country at a particular time.

FACTORS AFFECTING POPULATION GROWTH

There are three major factors which determine the size and rate of growth of a country’s population. These can be summarized in the following formula;

r = Birth Rate – Death Rate + Net Migration

r = is the rate of growth of population.

Net Migration – is the different between the number of immigrants and emigrants. The major factors affecting population size and growth are therefore **birth rate, death rate and migration**

**BIRTH RATE**

This is referred to as the total number of birth per thousands of people in a particular year.

It is determined by the following factors:

1. EARLY MARRIAGE: The birth rate will be higher if people marry at earlier ages.
2. HEALTH OF THE PEOPLE: As a result of improved medical services, death rate has reduced while birth rate has been boosted.
3. RATIO OF WOMEN OF CHILDBEARING AGE: The greater the numbers of women who are of childbearing age the higher the birth rate.
4. RELIGIOUS BELIEF: The religious belief of the people may also play a role. For example, Islam allows polygamy and that can leads to a high birth rate.
5. Desire for large families
6. Improved standard of living.

DEATH RATE

This refers to the number of deaths per thousands of the population in a year.

FACTORS AFFECTING DEATH RATE

1. Availability of health and medical facilities
2. Standard of personal hygiene and environmental sanitation
3. Standard of living
4. Incidence of epidemics, wars, famine, and people, natural disasters such as floods and earthquakes
5. Age distribution of the population: if there are many elderly people, there may be tendency for death rate to be high.

MIGRATION

Migration is defined as the movement of people from one place to another, involving permanent or temporary residence or settlement.

TYPES OF MIGRATION

1. EMIGRATION: This is the movement of people from their country to another.
2. IMMIGRATION: This is the movement of people into a country.

The difference between the number of immigrants and emigrants is called **NET MIGRATION.** Immigration increases the population while emigration decreases.

FACTORS RESPONSIBLE FOR INCREASE IN POPULATION

1. Increase in birth rate
2. Decrease in death rate
3. Medical improvement
4. Early marriage
5. The population of women
6. Illiteracy
7. Immigration
8. Absence of family planning.

**CONSEQUENCES OR IMPLICATIONS OF RAPIDLY GROWING POPULATION**

1. There will be an enlarged market: The total demand for goods and services will be higher.
2. The Dependency ratio will increase: Workers will have more dependents (especially children) to cater for.
3. Heavy pressure on infrastructural facilities.
4. May lead to unemployment
5. Urban congestion
6. The cost of living will be high
7. Low standard of living and fall in per capita income.
8. Increase in government expenditure
9. Problems of overpopulation.

AGEING OR DECLINING POPULATION

An ageing population is a declining population with an increasing percentage of old people, while the relative percentages of children and workers are decreasing.

An ageing population is also referred to as a decreasing population or stationary population or static population.

FACTORS RESPONSIBLE FOR AGEING POPULATION

1. Decrease in birth rate
2. Increase in death rate
3. Emigration
4. War
5. Diseases
6. Natural disasters

ADVANTAGES OF DECLING OR DECREASING POPULATION

1. Reduction in government expenditure
2. Increase in government savings
3. Increase or high standard of living
4. It may lead to under-population
5. Creation of job

DISADVANTAGES OF DECLING OR DECREASING POPULATION

1. Reduction in labour force
2. It discourage investment
3. Rise in prices of goods and services
4. It may lead to under-population
5. High dependency ratio
6. It discourages foreign aid

**QUESTIONS**

1. What are the possible solutions to rural urban migration in West Africa?
2. Use the information in the table and answer the following questions.

Pollution statistics of a country in 1980 and 1996

Year 1980 1996

No of Birth in Million ------ 48

No of death in Million ------- 12

No of Immigration in Million ------- 10

No of Emigration in Million -------- 4

Total population in Million 56 98

Calculate;

1. The natural increase of the population in 1996
2. Determine the Net migration within the period
3. The rate of growth of the population in 1996
4. Calculate the population of the country in 1996
5. What is the percentage increase in the population of the country from 1980 to 1996?

**WEEK 9: POPULATION CENSUS**

A population census refers to the head - count of the people.

It is the process by which the number of people living in a country or a given geographical area is counted.

It developed countries it is carried out by the government at regular intervals, usually every ten years.

Population census provides information about age, sex, occupation, residence.

**TYPES OF POPULATION CENSUS**

1. DE-FACTO POPULATION CENSUS: This is a system of counting only those who are physically present during census.
2. DE-JURE POPULATION CENSUS: In this type of census, person who are regular residents in a particular place are counted irrespective of the place they are residing temporarily. It does not matter whether the person is present or not. This is the population census commonly referred to as counting by PROSY

**IMPORTANCE OF THE POPULAITON CENSUS**

1. POPULATION SIZE: Population census helps the government to know the number of people living in the country.
2. REVENUE ESTIMATES: It also helps in the determination of the taxable adults so as to know the amount of revenue expected.
3. FORECASTS FUTURE ECONOMIC NEEDS: The population census also enable the country to forecast her future economic needs e.g. housing, schools, food etc.
4. FORUMULATION OF ECONOMIC POLICIES: The number of people in a country is used to formulate economic policies
5. DISTRIBUTION OF RESOURCES: Population census assists the government in the distribution of resources e.g. area of high population like Lagos and Kano will get more resources than area of low population
6. A population census enables the government to obtain adequate and relevant statistics which will serve as a basis for economic planning.

**PROBLEMS ASSOCIATED WITH POPULATION CENSUS**

1. HIGH COST: Huge amount of money is involved in the conduct of population census.
2. SHORTAGE OF CENSUS PERSONNEL: Trained personnel like demographers are not easily available hence the use of untrained personnel in the conduct of census lead to inaccurate result.
3. HIGH DEGREE OF ILLITERACY: As a result of the high level of illiteracy in many developing countries, it has become very difficult to conduct a successful population census as these people do not know how to read and write. This makes self-enumeration difficult.
4. PROHIBITIVE CUSTOMARY AND RELIGIOUS BELIEFS: Some types of custom and religion make census taking difficult. For example in the Muslim areas women are not allowed to appear freely in public. For this reason, they may not be seen by census enumerators.
5. INADEQUATE MEANS OF TRANSPORT AND COMMUNICATION: Many rural areas have no motorable road and adequate means of sending and receiving messages. These problems hamper easy movement of census officials.
6. POOR REGIONAL PLANNING: Most town and villages are not planned.

**QUESTIONS**

1. What is population census? Of what importance is it to the government?
2. What are the problems of population census?
3. State the implications of i. Optimum population ii. overpopulation

**WEEK 10: THEORIES OF POPULATION**

**THE MALTHUSIAN THEORY OF POPULATION**

The Malthusian theory of population is the outcome of an essay title ‘An essay on population written in 1798 by Reverend Thomas Robert Malthus, an Anglican clergyman and a well-known political economist. The essay he wrote was influenced greatly by the rate at which the population in Europe at that time was growing at a very fast rate. In his essay, he highlighted the relationship between population and means of subsistence.

**THE MAIN FEATURES OF MALTHUSIAN THEORY**

The main views or features of the Malthusian theory about population are;

1. That population was growing at a geometric progression such as 2, 4, 8, 16, 32 etc. while food production or supply was growing at an arithmetic progression such as 1, 2, 3, 4, 5, etc.
2. That there is a tendency for all living things to grow beyond the food available to them
3. That unless population increase is matched with means of subsistence, negative and positive checks will come in to force.
4. That the checks can be war, diseases, epidemics and famine.
5. That population is essentially limited by the means of subsistence

**DEMOGRAPHIC TRANSITION THEORY**

Demographic transition theory is concerned with the historical population growth of a society. It attempts to explain the relationship between fertility and mortality on population grow. The theory explains how all developed countries in contemporary times have passed through three identical stages of population history.

**STAGE OF THE THEORY**

STAGE 1 (PRE-TRANSITION PHASE OR STAGE)

This stage is characterized by high fertility (birth) rate and high mortality (death) rate.

In this stage the population is fairly stable, static or decreasing or increasing at a low rate. It is a feature of the pre-industrial society.

STAGE II (TRANSITIONAL STAGE OR PHASE)

In this stage both fertility and mortality are declining. Fertility declines less rapidly at first and then grows more rapidly than mortality leading to an increase in population. It is a period of population explosion as a result of high birth rates and low death rate. This is a feature of an economy at the industrial take-off. It is a feature of developing economy.

STAGE III (POST-TRANSITION PHASE OR STAGE)

Both fertility and mortality are low and under control at this stage. The growth rate is controlled as population remains, more or less stable i.e. it is a period of low birth rate, and low death rates which leads to little or no population growth. It is a feature of advance economy.

**UNDER POPULATION**

Under population may be defined as the type of population that is less than the available resources of a country.

Under population exists if the people within the country are too few in number to supply enough labour to tap the available resources fully given the existing level of technical knowledge.

In such a situation where the resources of the country will not efficiently utilized as a result of the small size of the population. The standard of living will fall.

**CONSEQUENCES OF UNDER POPULAITON**

1. The supply of labour will be relatively low
2. The size of the market will be relatively small
3. The level of production will be low
4. The level of income per capital and the standard of living will be low
5. The low productive capacity will mean that the size of export will decreases
6. Savings and investments will be low.

**CAUSES OF UNDER POPULATION**

1. A decrease in birth rate
2. An increase in death rate
3. High level of emigration

**OPTIMUM POPULATION**

The word optimum means best.

Optimum population refers to the best size of the population.

It is that size of the population which is given the available natural resources, technical knowledge, capital and organization, will yield the highest output per head.

There will be a high standard of living since the size of the population is adequate to tap the available resources fully.

**WHY OPTIMUM POPULATION IS THE BEST POPULATION**

1. Optimum population is neither to a large nor too small but equal to the available resources in the country.
2. It yields as maximum returns per head
3. Optimum population is the type of population that is not difficult to control or manage
4. Highest standard of living is attained in a country that has optimum population
5. Optimum population does not pose a problem to a country’s economy.

**OVER POPULATION**

Over population is defined as a situation where a country has more people than this physical and human resources can support with adequate living standards.

In other words, over population refers to a situation where there population exceeds the available resources of the country.

As a result of over population will compete for the available resources and due to the relative shortage of resources, there will be a general fall in standard of living of the people.

**CONSEQUENCES OF OVER POPULATION**

1. There will be congestion on land and pressure on other resources, including social services.
2. There will be a fall in per capita income
3. The demand for goods and service will be relatively high than what is available
4. There will be increased imports and greater balance of payment problems
5. There will be high level of unemployment and under employment
6. They will be a high level of government spending
7. There may be a high dependency ratio

**CONTROL OF OVER POPULATION**

1. Family planning
2. Discouragement of early marriage
3. Encouragement of monogamy
4. Provision of gain full employment for women
5. Encouragement of emigration

**POPULATION DISTRIBUTION OR STURCTURE**

Population distribution refers to the ways in which the population of a given country is distributed into certain categories such as age, sex, occupation and geographical distribution.

**AGE DISTRIBUTION**

This refers to the breakdown of the population of a particular country into age groups. This age distribution which varies from country to country is derived from population census figures. However, the population of a country can be divided into the following age groups. These are:

1. 0-17 years include the infants, children, pupils in nursery, primary, secondary and tertiary institution. This age group is called dependent population
2. 18-60 years is popularly referred to as the active population or working population or labor force. (Independent population).
3. 60 years and above is the old age (dependent population).

The summary, the age distribution of any given population can be grouped as follows;

1. 0-17 years is children (dependent population)
2. 18-60 years is adult (working population or labour force)
3. 60 years and above: old age (dependent population)

**ECONOMIC IMPLICATIONS OR EFFECTS OF INCREASE IN THE POPULATION OF DEPENDANTS**

1. There will be high demand for goods and service required by the dependent population
2. Imports will increase
3. Increase in government expenditure
4. There will be full in standard of living
5. There will be low savings and low investments

**OCCUPATIONAL DISTRIBUTION**

Occupational distribution of a population refers to the classification of the working population into different types of work they engage in. The occupation distribution in any population is influence by a number of facts. These include

1. The level of education
2. Availability of natural resources
3. The level of technology
4. They types of productive activities

However, occupational as a whole can be classified into four major principal divisions namely; extractive, manufacturing and constructive, commercial, direct and indirect services.

**SEX DISTRIBUTION OF POPULATION**

Sex distribution of population refers to the classification of the population according to sex or gender (i.e. male and female).

Sex distribution can easily be obtained from a population census of a given country which shows the total number of males and the total number of females.

Knowledge of the total number of males and females in a country will assist the government to make the necessary plans to cater for the population.

**GEOGRAPHICAL DISTRIBUTION OF POPULATION**

Geographical distribution of a given population refers to how people are spread over a given geographical area in term of where they live.

In Nigeria for examples, the population is not equally spread or distributed. Some areas are high populated while others are poorly populated.

**QUESTIONS**

1. Critically examine the economic consequences of a rapid growth in the population of your country.
2. Briefly outline the views of Thomas Malthus about population.
3. Give two major views of Rev.Thomas Malthus in population theory.

**WEEK 11: LABOUR MARKET**

**THE CONCEPT OF LABOUR FORCE**

Labour force can be defined as the total number of people of working age in a country who are gainfully employed and those who fall within the age bracket, capable and willing to work by law but have no work to do in a country at a particular period of time.

Labour force is the working population and it comprises all persons who have jobs and who are seeking for jobs in the labour market. They are between the age of 18 years and 60 years. Working population varies from one country to another.

**FACTORS AFFECTING THE SUPPLY OF LABOUR OR SIZE OF LABOUR FORCE (WORKING POPULATION)**

1. THE SIZE OF POPULATION: The higher the size of the population, the higher the working population and vice versa.
2. OFFICIAL SCHOOL LEAVING AGE: If the school leaving age is low, the proportion of labour force will be high and vice versa
3. OFFICIAL AGE OF RETIREMENT: If the age of retirement is raised the supply of labour will tend to increase because more people will be available for work
4. LEVEL OF REMUNRATION OR THE WAGE RATE: The extent of salaries, wages and other remunerations paid to the workers determines the number of people who may be willing to work.
5. MIGRATION: Immigration will increase and emigration will decrease the supply of labour.

**MOBILITY OF LABOUR**

The mobility of labour refers to the ease with which workers or labour can move from one occupation to another or from one geographical area to another.

**TYPES OF LABOUR MOBILITY**

1. OCCUPATIONAL MOBILITY OF LABOUR: This refers to the ease with which workers can move from one job to another. For instance, a messenger can easily change to become a cleaner or a farmer.
2. GEOGRAPHICAL MOBILITY OF LABOUR: This refers to the ease with which workers can move from one geographical location to another.e.g Port Harcourt to Jos.
3. INDUSTRIAL MOBILITY OF LABOUR: This refers to the ease with which workers can move within the same industry or from one industry to another.

Industrial mobility of labour has two aspect; vertical industrial mobility of labour and horizontal industrial mobility of labour.

Vertical mobility of labour usually takes the form of promotion with the same. For example, the Vice-Principal of a school could be promoted Principal.

Horizontal or lateral mobility of labour takes place when a worker move from one industry to another but still performs the same task occupies the same rank. For example, an Accountant can leave the Star Beer factory at Aba for the textile mills at Aba.

**CAUSES OF MOBILITY OF LABOUR OR FACTORS INFLUENCING MOBILITY OF LABOUR**

1. Unfavorable working condition
2. Marriage
3. Irregular payment of salaries
4. Promotion
5. Bad management
6. Climate
7. Lack of job security
8. Lack of social amenities
9. Accommodation problem
10. Political instability
11. Personal reasons.

Questions

1. What factors do you consider likely to affect the efficiency of labour in your country?
2. Distinguish between occupational and geographical of labour.
3. What do you understand by the term efficiency of labour.