JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATION FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION

1st. YEAR 1ST. 2017/2018 ACADEMIC YEAR

KISUMU CAMPUS

COURSE TITLE: MANAGERIAL ECONOMICS
COURSE CODE: MBA 802
EXAM VENUE:
DATE:
TIME: 3HRS

INSTRUCTIONS

1. **Answer Four (4) Questions**
2. **Candidates are advised not to write on the question paper**
3. **Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Q 1.

(a)

"Price is the determinant of Demand and Supply relations." Do you agree? Respond with examples touching on resource allocation. (7 marks)

(b)

Why is decision making critical for company operations? Identify and describe main components in decision making that companies need to address. (8 Marks)

Q2

State what you understand by the phrase "Aggregate Income", identifying its components and relationship with Gross Domestic Product (GDP) as well as different variables that go into determining the Aggregate Income. How would you go about calculating the Aggregate Income of a country? (15 Marks)

Q3

Identify and discuss three fundamental concepts of managerial economics. How important are they to company operations (15 Marks)

Q4.

"Coming together is a beginning. Keeping together is progress. Working together is success." Henry Ford. Discuss with example(s) within the context of Strategic Alliance. (15 Marks)

Q5

The COMESA Safeguards on sugar importation to Kenya is likely to expire in March 2019. The challenge that the sugar industry might face is the unfavourable production costs compared to other COMESA Countries, giving rise to cheaper imports. According to Kenya Sugar Board, the cost of production in Kenya is estimated at Sh.62,000 a tonne and in other COMESA countries ranges from Sh37,000 to Sh.45,000 a tonne. Critically asses the likely socio-economic impact in the sugar industry after COMESA Safeguards are lifted. What mitigating measures as a Managerial Economist would advise the government to put in place to enhance competitiveness in the sugar sector? (15 Marks)

Q6

"The government has stifled the competitiveness of Kenyan goods abroad by introducing a raft of taxes along the entire chain forcing manufacturers to pass on the cost to consumers". Tobias Olando, Kenya Association of Manufacturer (KAM) Acting Chief Executive Officer, Sunday Nation October 07, 2018 pp Business 39. Do you agree with the CEO? Support your response by detailing presumed impact of the new tax regime on Kenyan economy. As Managing Director of a company of your choice, what measures would you recommend to your management to mitigate tax effects? (15 Marks)