



**JARAMOGI OGINGA ODINGA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

Oasis of Knowledge

SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATION

FOR DEGREE OF MASTERS OF BUSINESS ADMINISTRATION WITH IT

2rd YEAR 2nd SEMESTER 2018/2019 ACADEMIC YEAR

COURSE CODE: MBA 802

COURSE TITLE: MANAGERIAL ECONOMICS

DATE:

TIME: 3.00 HOUR

CAMPUS: NAMBALE

INSTRUCTIONS:

- 1. Answer Any 4 Questions**
 - 2. Candidates are advised not to write on the Question paper**
 - 3. Show all your workings**
 - 4. Candidates must hand in their answer booklets to the invigilator while in the examination room**
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Question One (Compulsory)

- (i) Discuss the Importance of Cobb-Douglas production function in a firm (7 Marks)
- (ii) Given the following annual information about a hypothetical country,

	Billions (Kshs)
Personal consumption expenditures	200
Personal taxes	50
Exports	30
Depreciation	10
Government purchases	50
Gross private domestic investment	40
Imports	40
Government transfer payments	20

- a. What is the value of GDP? (2 Marks)
- b. What is the value of net domestic product? (2 Marks)
- c. What is the value of net investment? (2 Marks)
- d. What is the value of net exports? (2 Marks)

(Total 15 Marks)

Question Two

- (i) Discuss Factors that influence level of consumption of goods in Kenya (5 Marks)

- (ii) **Months** **Demand**

January	1200
February	1280
March	1310
April	1270
May	1190
June	1290
July	1410
August	1360
September	1430

October	1280
November	1410
December	1390

The data above represent Demand for the year 2015. Use Regression Model to determine Demand forecast for January 2016. (10 Marks)

(Total 15 Marks)

Question Three

(i) Define market structure and Discuss factors are considered in determining the market structure of a particular industry of choice? (7 Marks)

(ii) Discuss conditions that create price discrimination in an industry of choice (8 Marks)

(Total 15 Marks)

Question Four

Discuss characteristic of the following in a market structure:

(i) Perfect competition (3 Marks)

(ii) Monopolistic (3 Marks)

(iii) Competition, (3 Marks)

(iv) Oligopoly, (3 Marks)

(v) Monopoly (3 Marks)

(Total 15 Marks)

Question Five

- (i) Discuss Factors that influence business cycles in a developing country like Kenya (9 Marks)
- (ii) Discuss barriers to market entry of new products in a new market (6 Marks)

(Total 15 Marks))

Question Six

A monopolistically competitive firm faces the following demand and cost structure in the short run:

Output	Price	Fixed Cost	VC
0	100	100	0
1	90		50
2	80		90
3	70		150
4	60		230
5	50		330
6	40		450
7	30		390

- a) What is the highest profit or lowest loss available to this firm? (5Marks)
- b) Should this firm operate or shut down in the short run? Why? (5 Marks)
- c) What is the relationship between marginal revenue and marginal cost as the firm increases output? (5 Marks)

Show all your workings

(Total 15 Marks)

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