PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

JANUARY-APRIL 2017

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: MBA501

COURSE TITLE: Managerial Economics

EXAM DATE: MONDAY 3rd APRIL 2017

TIME: 9.00AM – 12.00PM

INSTRUCTIONS

- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.
- Answer ALL questions in **Section A** and any other **Four** Questions in Section B

SECTION A:

Qn.1 (a) Using a diagram explain the circular flow of economic activity

(b) State the Demand Function Clearly explaining any two of the components

(c) Determine the Cobb- Douglas Function when:

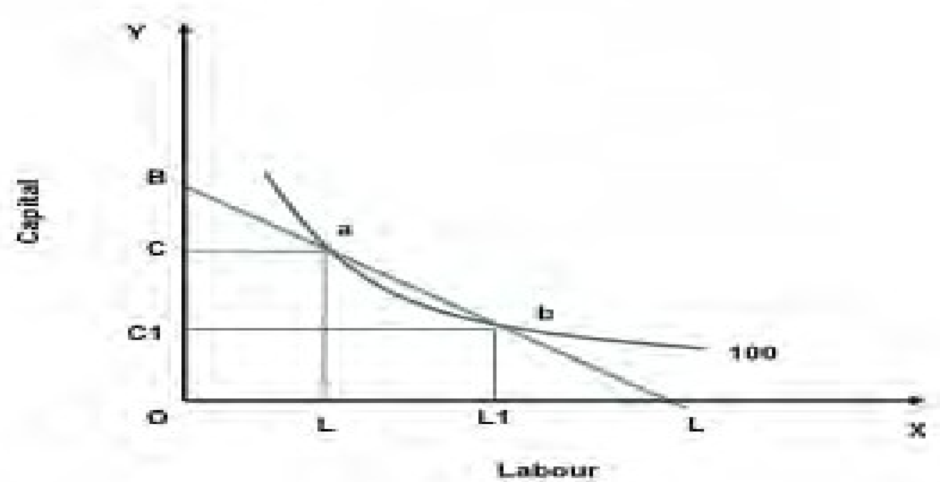
Constant = 120

α= 0.09

β= 0.87

(d) Quantity demanded is 120 units at a price of sh. 3,000. When there is a fall to sh. X, it results in demand of 192 units. Given that elasticity of demand is 3, calculate the new price.

(e) Provide an interpretation of the Isoquant below which represents two production possibilities.



SECTION B

Qn. 2 Critically explain the Keynesian Theory of Unemployment **(15 marks)**

Qn. 3 Explain the application of the economic models of The Lemon Market Dilemma and the Prisoners Dilemma giving examples **(15 marks)**

Qn.4 Discuss the Following

(i) Fiscal & Monetary Policies **(10 marks)**

(ii) Determination of National Income **(5 marks)**

Qn.5 Explain the relationship between liberalization and Globalization **(15 marks)**

Qn. 6 (a) Distinguish between a Duopolistic and a monopolistic market **(10 marks)**

(b) What is the influence of technology on employment? **(5 marks)**