



TECHNICAL UNIVERSITY OF MOMBASA
School of Business

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATIONS FOR
MASTERS IN BUSINESS ADMINISTRATION

BMS 5102: MANAGERIAL ECONOMICS

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: JUNE/JULY 2015

TIME: 3 HOURS

INSTRUCTIONS:

- Attempt question **ONE (Compulsory)** and any other **THREE** questions
- Do not write on the question paper.

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

- a) Examine the various theories relating to a firm activities that comprise the Managerial Economies scope. **(8 marks)**
- b) Differentiate between market studies and experiments techniques in research. **(10 marks)**
- c) Examine a case in which a firm is highly leveraged. **(7 marks)**

QUESTION 2

- a) Examine the marginal rate of technical substitution concept. (7 ½ marks)
- b) Explain the limitations of breakeven analysis if a firm has a fixed cost of 13,000 and a variable cost of 7/= per unit while the selling price is 27/=, compute the break-even output. (7 ½ marks)
- c) Examine price and output levels in monopoly within the shortrun and the long run. (10 marks)

QUESTION 3

- a) Examine the arguments for protection, and also show how an economy can take of in trade. (10 marks)
- b) Examine the factors responsible for foreign exchange fluctuations. (5 marks)
- c) Examine **FIVE** challenges facing managers in decision making. (10 marks)

QUESTION 4

The predecessor of the Uwezo Fund was Youth Fund which the Kenya government initiated to empower the youth. However, the realization of the Youth Fund objectives was minimal. Explain why this is case. (25 marks)

QUESTION 5

- a) Examine the risk areas, risk neutral and risk taking scenarios in investment. (10 marks)
- b) Examine the economies of scale that explain the long run average curve. (10 marks)
- c) Explain the oligopolistic market structure. (9 marks)