REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

MASTER OF BUSINESS ADMINISTRATION

MANAGERIAL ECONOMICS

MBA 104

PART 1 SEMESTER 1 EXAMINATION

TOTAL MARKS   [100]

DATE: June 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has **six (6)** questions

2. Answer question **one (1)** and **any** other **three (3)**

3. Each question carries **25 marks**

4. Start each question on a new page

Question 1

a) Explain the concept of market equilibrium with the help of the demand and supply curve.
(10)

b) Discuss the advantages and disadvantages of maximum price control.   (15)

Question 2

a) Explain the nature of managerial economics.   (10)
b) Discuss the scope of managerial economics.   (15)

Question 3

a) Explain the elasticity of demand.   (2)

b) Suppose that at a price of $100 monthly sales of bicycles in a city are 2000. Next month the price of a bicycle goes up to $104. As a result of a price increase the quantity of bicycles demanded per month falls to 1850. Calculate price elasticity of demand (PED).   (3)
c)   Explain any 4 categories of price elasticity of demand.   (8)
d)   Examine the determinants of price elasticity of demand.   (12)

Question 4

(a) Explain the following revenue concepts:

   i.   Total revenue   (2)
   ii.   Average revenue   (2)
   iii. Marginal revenue   (2)

(b) Complete the following table:

Q	P ($)	TR	AR	MR
0	90			
1	90			
2	88			
3	86			

(6 Marks)

c) Managers should gain a deeper understanding of managerial economics. Evaluate this statement?   (13)

Question 5

5. (a) Explain the assumptions under perfect competition.   (10)

   (b) Describe the short-run equilibrium of a firm under perfect competition.   (15)

  Question 6

Discuss the likely economies and diseconomies of scale for large supermarkets in Zimbabwe.
(25)