UNIVERSITI UTARA MALAYSIA

PEPERIKSAAN AKHIR PROGRAM SISWAZAH
SEMESTER MEI 2001/2002

KOD KURSUS : EG 5013 MANAGERIAL ECONOMICS
TARIKH : 20 SEPTEMBER 2001
MASA : 8.00 – 11.00 MALAM.
TEMPAT : SEKOLAH SISWAZAH

ARAHAN:
1. Attempt any FOUR Questions.
2. Write answers in the space provided in the Q. Booklet.

[18 pages]

NO. MATRIK :
NO. KAD PENGENALAN :
NAMA PENSYARAH : PROF. MADYA Dr. DAWOOD M. MITHANI

JANGAN BUKA SOALAN INI
SEHINGGA DIBERI ARAHAN
M.B.A.:EG 5013

QUESTION 1: [25 Marks]

[A] A firm increased its advertising expenditure from RM 75,000 to RM 95,000. Its sales volume increased by 30% from the initial volume of 100,000 units. Measure the point promotional elasticity of demand and arc advertising elasticity in this case. [5 Marks]

[B] Detect the break-event point from the following data:

\[
\begin{align*}
\text{TVC} &= \text{RM} 11,000 \\
\text{TR} &= \text{RM} 28,825 \\
\text{TFC} &= \text{RM} 16,000 \\
\text{Sales Volume} &= 550 \text{ units}
\end{align*}
\]  [5 Marks]
[C] The market price of product X is RM 16.50. The firm's cost function is:

\[ Q_x = 50L + 8L^2 - 2L^3 \]

Measure the marginal revenue product of 10 workers employed by the firm. [5 Marks]

[D] Measure the intensity of advertising of a firm incurring RM 10,000 advertising expenditure against 5000 units of output sold at the price of RM 5 per unit. [5 Marks]
[E] $TC = 200 + 160Q - 5Q^2 + 0.4Q^3$

Work out AFC, AC, AVC and MC for 8 units of output in this case.

[5 Marks]
QUESTION2: [25 Marks]

[A] What is meant by average and marginal product of labour? Show the behavioural tendency of APL and MPL curves. [7 Marks]
What is meant by opportunity cost? What is its economic significance? [6 Marks]
Discuss briefly the internal and external economies of scale? How do they affect the cost behaviour of a firm in long run? [12 Marks]
QUESTION 3: [25 Marks]

[A] Trace the cost-output relationship of a firm in short run. [9 Marks]
[B] Using competitive model, explain and illustrate the $MC = MR$ approach to profit maximization

[9 Marks]
[C] Explain the shut-down condition of a firm in a competitive market. Use diagrammatical model.

[7Marks]
QUESTION 4: [25 Marks]

[A] Explain the features of monopoly pricing and output equilibrium. [10 Marks]
[B] Measure the degree of monopoly power when price is RM 500, while marginal cost of the firm is RM 200. [5 Marks]
[C] Using a graphical model, explain price-output determination of a discriminating monopolist in two segmented markets.

[10 Marks]
QUESTION 5: [25 Marks]

[A] How much should a competitive monopoly enterprise spend on advertising, given the price and product variety? Explain using suitable diagram.

[10 Marks]
[B] Measure the market share of the Alibaba Enterprise selling 1000 shirts; while 10 other producers altogether sold 7000 shirts in a month. [5Marks]
[C] Discuss the dimensions of product differentiation under monopolistic competition

[10 Marks]
QUESTION 6: [25 Marks]

Write explanatory notes on any two of the following:

[a] Oligopolistic Markets

[b] Imperfections and Failures of the Market Economy

[c] Objectives of Firm