



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2022_1 EXAMINATION

COURSE TITLE: INDUSTRIAL ECONOMICS

COURSE CODE: ECO 722

UNIT: 2 UNITS

TIME ALLOWED: 2 HOURS

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION 1

- (a). Given the demand function $P = 20 - Q$ and the total cost function $C = Q^2 + 8Q + 2$, answer the following questions:
- i. What output, $Q\pi$, maximizes total profit and what are the corresponding values of price, $P\pi$, profit, $\Pi\pi$, and total revenue (sales), $R\pi$? **(10 Marks)**
 - ii. What output, Qr , maximizes sales and what are the corresponding values of price Pr , profit, Πr , and total revenue, Rr ? **(10 Marks)**
- (b). List and briefly discuss the five (5) basic common goals pursued by a firm as posited by Cyert and March **(10 Marks)**

QUESTION 2

Examine factors that determine firm's profitability in terms of structure **(20 Marks)**

QUESTION 3

- (a) List and explain types of diversification **(10 Marks)**
- (b) What are the advantages and disadvantages of diversification? **(10 Marks)**

QUESTION 4

Explain the three main stages of innovation **(20 Marks)**