



THE NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
2023\_1 POP EXAMINATION

COURSE TITLE: MANAGERIAL ECONOMICS  
COURSE CODE: ECO 332  
UNITS: 2  
TIME ALLOWED: 2 HOURS  
INSTRUCTIONS: ANSWER ANY THREE QUESTIONS

**Question 1.**

Write short note on the following

- i. Walker's Theory of Profit: Profit as Rent of Ability. (8 marks)
- ii. Hawley's Risk Theory of Profit. (8 marks)
- iii. Knight's Theory of Profit. (7.3 marks)

**Question 2.**

Given that:  $C = 2X^2 - XY + 3Y^2$

Subject to:  $X + Y = 36$  (23.3 marks)

**Question 3a.**

What is market demand? (5 Marks)

**Question 3b.**

Critically evaluate the major types of demand encountered in business decision. (18.3 marks)

**Question 4.**

The managing director of a large manufacturing company is considering three potential locations as sites to build a subsidiary plant. To decide which location to select for the subsidiary plant, the managing director will determine the degree to which each location satisfies the company's objectives of minimising transportation costs, minimising the effect of local taxation, and having access to an ample pool of available semi-skilled workers. Construct a payoff table and payoff

measures that effectively rank each potential location according to the degree to which each satisfies the company's objectives. (23.3 marks)

**Question 5a.**

Describe Linear demand function and Nonlinear demand function (10.3 marks)

**Question 5b.**

What are the factors that affect price elasticity of demand? (13 marks)