



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 1 EXAMINATION

COURSE CODE: ECO 824
COURSE TITLE: MANAGERIAL ECONOMICS
CREDIT UNIT: 3 UNITS
TIME ALLOWED: 3 HOURS
INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER THREE QUESTIONS

Question 1

- a. Discuss the following features of business decision making
- i. Expected monetary value decision **8 marks**
 - ii. Decision making involving sample information **8 marks**
 - iii. Time perspective in business decision **4 marks**
- b. By recording the daily demand for a perishable commodity over a period of time, a retailer was able to construct the following probability distribution for the daily demand levels:

S_i	$P(S_i)$
1	0.5
2	0.3
3	0.2
4 or more	0.0

The opportunity loss table for this demand inventory situation is as follows:

Action, Inventory	State of nature, Demand		
	$s_1(1)$	$s_2(2)$	$s_3(3)$
$a_1(1)$	0	4	7
$a_2(2)$	3	0	4
$a_3(3)$	5	3	0

You are required to find the inventory level of the expected opportunity loss **5 marks**

Question 2

- a. Differentiate between certainty and uncertainty in decision analysis **5 marks**
- b. How does the study of managerial economics help a business manager in decision-making? **10 marks**

Question 3

- a. Briefly explain the End-Use Method of survey **3 marks**
- b. What are the stages involved in the end-use method **8 marks**
- c. With examples, differentiate between endogenous and exogenous variables **4 marks**

Question 4

With the aid of graph, discuss price determination under perfectly competitive market condition under the following time periods

- | | | |
|------|--|---------|
| i. | The market period or <i>very short-run</i> ; | 5 marks |
| ii. | Short-run; and, | 5 marks |
| iii. | Long-run. | 5 marks |

Question 5

Explain the following categories of survey methods

- | | | |
|------|----------------------------|---------|
| i. | Opinion survey method | 4 marks |
| ii. | Expert opinion method | 4 marks |
| iii. | Delphi method | 4 marks |
| iv. | Consumers interview method | 3 marks |

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