



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

**COURSE TITLE:** MANAGERIAL ECONOMICS  
**COURSE CODE:** ECO 332  
**CREDIT UNITS:** 2 UNITS  
**TIME ALLOWED:** 2 HOURS  
**INSTRUCTION:** ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

**QUESTION ONE**

- a) Explain the concept of the "optimum size" of a firm and its importance under three key business conditions. (6 marks)
- b) Discuss the hypotheses proposed by K. W. Rothschild regarding the objectives of business firms. (2 marks)
- c) Discuss the concept of entry-prevention and risk-avoidance as business objectives and explain how they are related to profit maximisation. (5 marks)
- d) Suppose the total cost function of a firm is given by:  $TC = 100 + 60Q + 4Q^2$  find the value of Q that minimises the average cost. (17 Marks)

**QUESTION TWO**

- 2a) Define the term 'Time Perspective' in the context of business decisions and differentiate between a short-run and a long-run perspective. Give an example of each. (4 marks)
- 2b) Discuss the importance of determining the time perspective in decision making, especially where forecasting, planning, and projections are involved. Provide an example. (4 marks)
- 2c. Define "Market Demand" and differentiate between "Individual Demand" and "Market Demand". (4 marks)
- 2d. Discuss the following types of demand providing suitable examples:
- i. Demand for firm's and Industry's Product (2 marks)
  - ii. Autonomous and Derived Demand (2 marks)
  - iii. Demand for Durable and Non-Durable Goods (2 marks)
  - iv. Short-term and Long-term Demand (2 marks)