(University of Choice)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

MAIN EXAMINATION

UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE
OF
DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION

COURSE CODE: PBA 900

COURSE TITLE: ADVANCED ECONOMIC ANALYSIS

DATE: TUESDAY, 19-12-2023   **TIME: 2:00 -5:00**

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION **ONE** AND ANY OTHER **THREE**

TIME: 3 Hours
MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

QUESTION ONE

a) Discuss the concept of game theory in the context of advanced economic analysis. Provide an overview of the fundamental principles of game theory and explain how it is applied to model and analyze strategic interactions in economics (13 Marks)

b) Explain the theory of public goods and its relevance in advanced economic analysis. Discuss the characteristics of public goods, the free-rider problem, and the challenges of providing public goods. Analyze the role of government in the provision of public goods. (13 Marks)

c) Discuss the concept of externalities and their implications for economic analysis. Describe the types of externalities, their causes, and the role of government intervention in addressing externalities. Provide real-world examples of positive and negative externalities. (14 Marks)

QUESTION TWO

a) Examine the role of asymmetric information in economic analysis. Explain how adverse selection and moral hazard impact markets and decision-making in situations of information asymmetry. Provide examples to illustrate these concepts. (10 Marks)

b) Discuss the concept of market failure in economics. Explain the conditions that lead to market failure and the consequences for resource allocation. Provide examples of market failures and their impact on society. (10 Marks)

QUESTION THREE

a) Examine the concept of monopolistic competition in advanced economic analysis. Describe the characteristics of monopolistic competition, including product differentiation and pricing strategies. Analyze the implications for market outcomes and consumer welfare. (10 Marks)

b) Discuss the concept of economic growth and its determinants. Explain the factors that influence long-term economic growth and the role of human capital, technological progress, and institutions in promoting economic development. (10 Marks)

QUESTION FOUR

a) Explain the concept of income inequality in economic analysis. Describe the measures of income inequality, such as the Gini coefficient, and discuss the factors that contribute to income inequality. Analyze the economic and social implications of income inequality.   (10 Marks)

b) Examine the concept of monetary policy and its role in advanced economic analysis. Describe the tools and objectives of monetary policy and how central banks use these tools to influence economic variables such as inflation and interest rates.   (10 Marks)

QUESTION FIVE

a) Discuss the concept of international trade and its impact on economic analysis. Explain the theories of comparative advantage and absolute advantage, trade barriers, and the benefits and drawbacks of international trade for domestic economies.   (10 Marks)

b) Explain the Delphi method as a qualitative forecasting approach. Discuss the steps involved in the Delphi process and how it can be applied to improve the accuracy of long-term demand forecasts.   (10 Marks)

QUESTION SIX

a) Define demand forecasting and explain its importance in business and operations management. Discuss the primary factors that necessitate demand forecasting in various industries.   (10 Marks)

b) Discuss the different methods of demand forecasting, including qualitative and quantitative approaches. Provide examples of situations where each method is most appropriate and the key steps involved in using these methods.   (10 Marks)