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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
FOR THE DIPLOMA IN HUMAN RESOURCE MANAGEMENT
DBA 1102: ECONOMICS

Date: 11th April, 2022
Time: 2.30pm-4.30pm

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Name explain three goals economics seek to achieve. (6 Marks)
- b) Define unemployment and show how it is expressed in most countries. (5 Marks)
- c) Explain how economists traditionally defined “economic growth,” and how it is different from “living standards growth”. (6 Marks)
- d) The following are the values for Consumption, Investment, Imports, Exports, and Government spending for the country of Strowsburg in the year 2020 given in billions of dollars: C = \$12,000 I = \$4,000 G = \$3,000 M = \$5,000 X = \$3,000. Calculate the GDP in billions of Strowsburg. (4 Marks)
- e) State and explain seven advantages of labour intensive technique in production of goods and services. (7 Marks)
- f) Define economics as per Robbins definition of choice. (2 Marks)

QUESTION TWO (20 MARKS)

- a) Describe five environmental and social challenges of the 21st century as countries seeks to grow and develop their economies. (6 Marks)
- b) This is the quantity and supplied in one weeks' time in Obinna's shop:

price	Quantity demanded of rice	Quantity supplied of rice
70	50	300
60	120	280
50	150	260
40	180	250
30	210	230
20	220	180
10	250	160

Required:

- i) present the information in a diagram clearly indicating the equilibrium price and equilibrium quantity (10 Marks)
- ii) Determine the lowest price consumers are willing to pay for 200 units of rice (2 Marks)
- iii) Determine the lowest price suppliers are willing to receive for 250 units of rice (2 Marks)

QUESTION THREE (20 MARKS)

- a) State and explain why national income accounting is not a good measure of citizen's welfare giving examples from the Kenyan setting (12 Marks)
- b) Using a clear diagram state and explain the three stages of production, given that capital is fixed and labour is variable (8 Marks)

QUESTION FOUR (20 MARKS)

- a) This is a model of Syria's economy where:

Investment = 2460,	Autonomous consumption = 386,
Government expenditure = 530,	Marginal propensity to consume = 0.7
Export = 408,	Marginal propensity to import = 0.3
Autonomous import = 85,	

Compute:

- i) The equilibrium national income. (4 Marks)
- ii) Total consumption (2 Marks)
- iii) Total import (2 Marks)
- iv) Net export (2 Marks)
- b) Describe two sources of oligopoly power (4 Marks)
- c) Outline and explain three advantages of socialism type of an economy (6 Marks)

QUESTION FIVE (20 MARKS)

- a) Use the following table to answer the following question:

Production possibilities:	A	B	C	D	E	F
Good x:	0	1	2	3	4	5
Good y:	60	56	48	36	20	0

Required;

- i) Draw a diagram of production possibility frontier (5 Marks)
- ii) What is the opportunity cost of increasing Good X's production from 2 to 4 units? (2 Marks)
- b) Explain characteristics of a perfect competition kind of a market structure (10 Marks)
- c) Define production (3 Marks)