

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

GRADUATE SCHOOL OF BUSINESS

JUN 2023

MASTER OF BUSINESS LEADERSHIP

EXECUTIVE MASTER OF BUSINESS LEADERSHIP

MANAGERIAL ECONOMICS (MBL 518)

EXAMINATION PAPER

DURATION: 3 HOURS 30 MINUTES

INSTRUCTIONS AND INFORMATION TO CANDIDATES

1. Section A is compulsory and carries 40 marks.
 2. Answer Question One from Section A and any three (3) questions from Section B.
 3. The paper carries six questions.
 4. All questions in Section B carry equal marks of 20 each.
 5. The use of cell phones is not allowed in the examination.
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SECTION A: [COMPULSORY]**QUESTION 1****CASE STUDY: HASTT ZIMBABWE: THE LEADING MANUFACTURER OF AGRICULTURAL IMPLEMENTS, EQUIP.**

Hastt Zimbabwe Private Limited (Hastt), is the leading manufacturer of agricultural implements, transport equipment and agricultural discs in Zimbabwe and Southern African region.

Since 1971, Hastt has developed and continues to produce a wide range of agricultural machinery. As part of the vast array of our innovations, Hastt is the inventor of the sugarcane haulage self-loading trailer (the Perry Loader). Hastt also manufactures highly functional municipality amenities (refuse dumpers as well as independent and trailed skip bins). Given the long experience in the manufacturing of farming implements and transport machinery/trailers, Hastt has fine-tuned designs and production processes to deliver excellent quality, consistently and timeously.

Hastt is the only manufacturer of agricultural discs in Zimbabwe with the capacity to produce plain and scalloped plough and harrow discs, coulters and spiked discs with sizes ranging from 6 to 35 inches. As such these discs are well suited to our local and regional conditions and are an authentic Proudly Zimbabwe product.

The wide range of implements made at Hastt support both large and small scale farmers. Investing in Hastt's Chirambakusakara (Indestructible) agricultural equipment will ensure that farmers reap benefits of very low down time and optimum operability. Hastt provides effective repair and maintenance of implements to guarantee sustained product performance as per design specification. Capacitating and enabling the modern farming sector, is part of our contribution to the development of our country.

To ensure the total achievement of this national objective, Hastt provides warranty cover for six months as a show of our confidence in the chirambakusakara (Indestructible) range of implements, machinery and trailers. Under the Haka (Animal drawn implements), the Haka range comprising the plough, high wing ridger, haka ripper, three and five time cultivators,

harrows and spares are now available in select hardware shops around the country. Hastt exhibited at the recently held Harare Agricultural Show, showcasing and selling the animal drawn and tractor implements range.

Source: Financial Gazette, October 7 -13, 2021.pS7

Required:

Carefully consider the following questions and answer them based on the case study above as well as your broad appreciation of issues in managerial economics.

- a. Hastt indicates that it has operations in more than one sector of the economy of Zimbabwe. What could be the advantages of such a diversification strategy?
(5 marks)
- b. Zimbabwe is driving adoption of advanced technologies including through its efforts to modernize farming and yet Hastt still prides itself as a producer of a wide range of animal drawn implements. What are the economic justifications that managers could be relying upon in making the decisions to produce such implements?
(10 marks)
- c. Hastt is the only manufacturer of agricultural discs in Zimbabwe with the capacity to produce plain and scalloped plough and harrow discs, coulters and spiked discs with sizes ranging from 6 to 35 inches.
Discuss the market structure in which Hastt operates in the production of these discs and comment on the advantages that Hastt may enjoy by being in this position.
(10 marks)
- d. The managers of Hastt claim that they are focused on the total achievement of a national objective. Discuss the other objectives that managers of such organizations, given the opportunity, may choose to pursue.
(10 marks)
- e. Briefly describe the main forms of non-price competition strategies that Hastt uses and is boasting about in this case.
(5 marks)

[Total: 40 marks]

SECTION B (*Choose any 3 questions from this section*).

QUESTION 2

a) Discuss the broad categories of decisions that are studied in Managerial Economics.
(10 marks)

b) Describe the traditional objectives managers have to pursue in business organizations.
(10 marks)

[Total: 20 marks]

QUESTION 3

a) Define the term 'production function'.
(2 marks)

b) With the aid of diagrams, explain diseconomies of scale and clearly highlight managerial decisions and actions that cause them.
(8 marks)

c) Discuss Porter's Five forces model as an approach to analysis of competitive structure in an industry of your choice in Zimbabwe.
(10 marks)

[Total: 20 marks]

QUESTION 4

Compare and contrast a perfectly competitive market structure and a monopoly and indicate with reasons which market structure would be more preferred in a market-based economy.

[20 marks]

QUESTION 5

Discuss the impact of multinational corporations in the economy of Zimbabwe.

[20 marks]

QUESTION 6

Compare and contrast the payback period and the Net Present Value methods used in investment decision making.

[20 marks]

END OF EXAMINATION PAPER.