



## UNIVERSITY EXAMINATIONS

### FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF ARTS ECONOMICS AND SOCIOLOGY

#### ECON 415: ECONOMICS OF INDUSTRY

**STREAMS: ECONOMICS AND SOCIOLOGY**

**TIME: 2 HOURS**

**DAY/DATE: WEDNESDAY 6/7/2016**

**11.30 A.M. – 1.30 P.M.**

---

#### INSTRUCTIONS:

- **Answer question one and any other two questions**

1. (a) Explain the three broad determinants of vertical integration. (6marks)  
(b) Strategic management process includes theories which identifies the importance of both adaptation and enactment. Explain the relationship among resources, capabilities and core competencies as used in industrial economics. (6marks)  
(c) Explain the term market structure and hence the determinants of market structures. (6marks)  
(d) Compare and contrast the behavior of monopoly and monopolistic competition firms. (7marks)
2. (i) Explain using illustrations the term industrial cluster. (3marks)  
(ii) Discuss the role of industrial clusters in economic development. (12marks)
3. (i) Explain any five critical issues on industrial competition policies. (10marks)  
(ii) Government imposes restrictions on competition giving rise to anticompetitive market distortions or anticompetitive regulations. Explain any five major types of anticompetitive regulations. (5marks)

## ECON 415

4. (i) Explain the term outsourcing as used in industrial economics. (3marks)
- (ii) Discuss circumstances justifying outsourcing value creating activities by a firm. (6marks)
- (iii) Discuss the benefits of outsourcing in industrial economics. (6marks)
5. (i) Using illustrations, explain the concept of forward and backward vertical integration. (6marks)
- (ii) Vertical integration theory can be understood as governance choice that a firm makes in managing its economic exchanges. Explain the three different frameworks for making choices about how to govern economic exchanges by a firm in an industry. (9marks)
-