



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION

JANUARY 2016 SEMESTER

SUBJECT CODE : ECB 30603
SUBJECT TITLE : ECONOMICS OF INNOVATION AND
AND ENTREPRENEURSHIP
LEVEL : BACHELOR
TIME / DURATION : 2:00 PM – 5:00 PM (3 HOURS)
DATE : 31 MAY 2016

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of FIVE (5) questions.
4. Answer ALL questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE TWO (2) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

INSTRUCTION: Answer ALL Questions

Please use the answer booklet provided

QUESTION 1

Briefly explain what you understand by process innovation. (5 marks)
Consider three types of process innovation. Using appropriate diagram, explain how the processes related to cost concept and production.

QUESTION 2

Innovation is now seen as the most important driver of growth and productivity and has become one of the biggest buzzwords in politics and economics. To achieve the growth objective policy makers need to embrace a broader vision of innovation, and shape infrastructure and regulation accordingly. Discuss.

QUESTION 3

- a. Critically explain the concept of pricing discrimination. (5 Marks)
- b. Suppose you are sitting next to a passenger in a flight from KLIA to Abu Dhabi. Briefly discuss the probable concept of price innovation that could be implemented in this airline ticketing with regard to this sitting arrangement. (8 Marks)
- c. One example of price discrimination occurs in the publishing industry when a publisher initially releases an expensive hardcover edition of a popular animated comic and later releases a cheaper paperback edition. Use this example to demonstrate the benefits and potential shortcomings of a price innovation pricing strategy. (7 Marks)

QUESTION 4

Discuss the relevant of Schumpeter Theory which says that "...there are stronger incentives for monopolists to innovate compared to competitive firms."

QUESTION 5

- a) Whose job is to apply the R&D? Why? (5 marks)
- b) Will R&D contribute to a country economic growth? Discuss the issue with the help of specific example(s). (8 marks)
- c) Which index and what pillars will be used to gauge whether a country is in the stage of factor-driven or innovation-driven economies? Discuss. (7 marks)

[20 marks]

Total 100 Marks

END OF QUESTION PAPER

