



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
FEBRUARY 2024 SEMESTER**

COURSE CODE : KFP08704
COURSE NAME : PRINCIPLES OF ECONOMICS
PROGRAMME NAME : FOUNDATION IN BUSINESS
DATE : 25 JUNE 2024
TIME : 2.00 PM – 5.00 PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **THREE (3)** sections; **Section A, Section B and Section C.**
4. Answer **ALL** questions in **Section A, Section B and Section C.**
5. Please write your answers on the OMR answer script and 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 NINE (9) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 20 marks)**INSTRUCTION: Answer ALL questions.****Please use the objective answer sheet provided.**

1. Naqiu is faced with the decision to attend a Taylor Swift concert or study for an economics' test. Which of the following best describes the opportunity cost scenario for Naqiu?
 - A. The opportunity cost of attending the concert is the satisfaction gained from the concert experience.
 - B. The opportunity cost of studying for the economics test is the enjoyment missed from attending the concert.
 - C. The opportunity cost is the monetary value of the Taylor Swift concert ticket.
 - D. The opportunity cost is the time spent studying instead of attending the concert.
2. Megat Afzal, a market analyst, observes an increase in demand for smartphones due to a new feature, with no change in supply. What happens to the equilibrium price and quantity?
 - A. Price increases, quantity increases
 - B. Price decreases, quantity decreases
 - C. Price increases, quantity stays the same
 - D. Price stays the same, quantity increases
3. Afiq Haziq, a coffee producer, observes an increase in the supply of coffee beans due to a bumper harvest, while consumer demand remains constant. What is likely to happen to the equilibrium price and quantity of coffee beans?
 - A. Price decreases, quantity increases
 - B. Price increases, quantity decreases
 - C. Price decreases, quantity stays the same
 - D. Price stays the same, quantity decreases

4. Economist Aqif Izzat is analyzing the sandwich market. He observes that due to a recent promotional campaign by sandwich shops, consumer demand for sandwiches has decreased temporarily. At the same time, sandwich producers have increased their production to meet the expected demand. As a result, there is now a surplus of sandwiches in the market. When does a surplus occur in the sandwich market?
- A. When demand exceeds supply
 - B. When supply exceeds demand
 - C. When demand and supply are equal
 - D. When demand decreases and supply increases
5. Researcher Farhan is studying the Mixue Bubble Tea market. He observes that due to a sudden surge in demand for Mixue Bubble Tea during a promotional event, there is now a shortage of these beverages in the market. When does a shortage occur in the Mixue Bubble Tea market?
- A. When demand exceeds supply
 - B. When supply exceeds demand
 - C. When demand and supply are equal
 - D. When demand increases and supply decreases
6. Economist Herriq Haikal is studying the economy of a country. He observes that due to significant technological advancements, the country's production possibility frontier (PPF) has shifted to the right. What does a rightward shift of the PPF suggest about the economy?
- A. Increased efficiency in resource allocation
 - B. Greater potential for inflation
 - C. A decrease in the opportunity cost of production
 - D. Lower unemployment rates
7. As a social demographic scientist, Nabil is studying different types of economic systems. An economic system where individuals and sellers make economic decisions using a price system is known as:
- A. Socialism
 - B. Communism
 - C. Capitalism
 - D. Mixed economy

8. As Graduate Researchers in labor economics, Nazmi and Fatima are studying the concept of labor as an important factor of production in economics. Labor refers to:
- A. Resources including physical land as well as minerals, water, forests, and other resources that originate from the land.
 - B. Human effort, both physical and mental, contributes to the production of goods and services.
 - C. Labor Accelerator, which includes tools, machinery, equipment, and infrastructure used in production to enhance the production process.
 - D. Master of Labors, which is the innovative and risk-taking activity of individuals who organize and manage the other factors of production to create and bring products or services to market.
9. UniKL alumni Ain Natasha and Umar Akif are successful entrepreneurs known for their innovative ventures. What does the success of their ventures primarily rely on?
- A. The availability of natural resources in their business operations
 - B. The efforts of their workforce in producing goods and services
 - C. The investment in tools, machinery, and infrastructure for production
 - D. The innovative and risk-taking strategies they employ to bring unique products or services to market
10. Syamil and Syasya, first-year degree economics students at UniKL, are discussing the difference between microeconomics and macroeconomics. Which issue falls under microeconomics?
- A. Analyses of total employment in the economy
 - B. Deals with aggregate decisions
 - C. Studies on overall price level
 - D. Analyzes demand and supply of goods
11. Ain Natasha and Amna Fatihah, financial economics students at UniKL, are discussing economic conditions. They are studying the Monetary Policy Committee's decision of Bank Negara Malaysia to maintain the interest rate at 3.00 percent. What economic condition does this situation represent?
- A. Macroeconomics
 - B. Microeconomics
 - C. Inflation
 - D. Recession

12. Hanis Aisya, Raudhah, and Zulaikha Eisy are the owners of Harazu Coffee, the most popular coffee shop in the Klang Valley. They are studying price elasticity of demand for their coffee. For a certain coffee blend, when the price rises from RM 10 to RM 100, the quantity demanded falls from 100,000 to 75,500 cups. Which of the following answers is the correct calculation of the price elasticity of demand for this product?
- A. 1.26
 - B. 0.5
 - C. 0.90
 - D. 1.0
13. As market analysts, Rabiya and Sharah Nabila are estimating the _____ to determine the relationship between two goods.
- A. income elasticity of demand.
 - B. cross elasticity of demand.
 - C. price elasticity of demand.
 - D. price elasticity of supply.
14. Six UniKL alumni gathered for the Hari Raya Alumni UniKL 2044 celebration. The following points describe the alumni's careers and the cities or nations they are working in.
- Ruqayyah is a Malaysian fashion influencer who works in New York.
 - Atikah is a Malaysian educator working in Finland.
 - Abdalimov Muzaffar, from Kazakhstan, opens a hotel chain in Malaysia.
 - Siti Nurhaliza is a Malaysian beauty product owner and founder established in the Klang Valley.
 - Izwanul Hafiz is a Malaysian market analyst in the UAE.
 - Nurinayah is a successful business owner from Malaysia based in Singapore.

Which of the following individuals are included in the GDP calculation?

- A. Ruqayyah, Atikah, Izwanul Hafiz, and Nurinayah
- B. Siti Nurhaliza and Abdalimov Muzaffar
- C. Siti Nurhaliza, Izwanul Hafiz, and Nurinayah
- D. All of them

15. Based on the scenario on previous question, which of the following individuals are included in the GNP calculation?
- A. Ruqayyah, Atikah, Izwanul Hafiz, and Nurinayah
 - B. Ruqayyah, Atikah, Siti Nurhaliza, Izwanul Hafiz, and Nurinayah
 - C. Siti Nurhaliza, Izwanul Hafiz, and Nurinayah
 - D. All of them
16. Kamarul and Eliya Elisa are economists tasked with calculating the national income of their country. Kamarul prefers to use a method that sums up all incomes earned by individuals and businesses in the economy, while Eliya Elisa prefers to use a method that sums up all expenditures made in the economy. Which methods are Kamarul and Eliya Elisa using, respectively?
- A. Production Method and Income Method
 - B. Expenditure Method and Production Method
 - C. Income Method and Expenditure Method
 - D. Production Method and Consumption Method
17. Aisyah and Alya Arissa, economists working in the Department of Statistics Malaysia (DOSM), are studying the national income equilibrium of their country. Which methods should they utilize for that purpose?
- A. Production Method and Expenditure Method
 - B. AD = AS Method and Leakages = Injections Method
 - C. Income Method and Production Method
 - D. Leakages = Injections Method and Demand= Supply Method
18. Firhan and Marlina, statisticians at the Ministry of Finance, Malaysia, are analyzing the country's economic data using the leakage-injection approach. Which of the following statements is **CORRECT** regarding this approach?
- A. A decrease in government spending is considered a leakage.
 - B. An increase in exports is considered a leakage.
 - C. Equilibrium occurs when injections exceed leakages, leading to economic growth.
 - D. Equilibrium occurs when leakages equal injections, signifying a stable economy.

19. Adam, Aqil, Azrie, Malik, Hafizi, and Zalrashad, researchers at the 6 Muhammad Research Center in Borneo School of Economics, are investigating the relationship between consumption and savings. They are given the consumption function:

$$C = 2500 + 0.75Y_d$$

Which of the following equations most likely represents the savings function (S) as a function of disposable income (Y_d) based on this consumption function?

- A. $S = 2500 - 0.25Y_d$
 - B. $S = -2500 / Y_d$
 - C. $S = Y_d - (2500 + 0.75Y_d)$
 - D. $S = -2500 + 0.25Y_d$
20. Adhawiah and Ameera are studying a two-sector equilibrium model, which can be referred to as a basic economy with only two players. Which of the following answers best describes these sectors?
- A. Government and foreign sector.
 - B. Households and firms.
 - C. Households and government.
 - D. Government and firms.

SECTION B (Total: 40 marks)**INSTRUCTION: Answer ALL questions.****Please answer the questions in this section using the answer booklet provided.****Question 1**List and explain each of **FOUR (4)** reasons of protectionism with examples.

(10 marks)

Question 2

Nur Diyana, Nur Nadia, and Nur Zuhayra are analyzing the business strategies of Sandwich Slay, a popular and established sandwich retail chain in Malaysia. They're particularly interested in how recent events might affect demand or supply for Sandwich Slay's products. For each of the situation involving SANDWICH SLAY, state whether the event will cause an INCREASE or DECREASE in the DEMAND or SUPPLY of sandwiches at Sandwich Slay.

- a) A popular Korean pop singer, BLACKPINK, collaborates with Sandwich Slay and becomes an ambassador for the brand.
(2 marks)
- b) A new regulation increases the cost of importing ingredients for Sandwich Slay's signature sandwiches.
(2 marks)
- c) A nationwide trend emerges for a viral Nasi Lemak Slay breakfast option, with consumers favoring it over traditional sandwiches.
(2 marks)
- d) The government grants a subsidy to support all business owners, including Sandwich Slay.
(2 marks)
- e) The government announces a sandwich program to encourage people to substitute rice with sandwiches due to the rice shortage.
(2 marks)

Question 3

Explain FOUR (4) functions of money with examples.

(10 marks)

Question 4

- (a) Investment is one of the ways firms in an economic system purchase intermediate goods, and it can boost the country's national income. According to this statement, list four factors that may increase investment.

(4 marks)

- (b) Briefly explain the difference between leakages and injections in the national income equilibrium.

(6 marks)

SECTION C (Total: 40 marks)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 5**

- (a) Elaborate the concept of business cycle and its phases in macroeconomics.
(10 marks)
- (b) Explain FOUR (4) types of unemployment with examples.
(10 marks)

Question 6

- (a) Elaborate the concept of protectionism with examples in macroeconomics.
(10 marks)
- (b) National income accounting deals with the aggregate measure of the outcome of economic activities. Consider a nation known as "Syamland". The table below provides Syamland's national income accounting. Use the data in the table below to answer the following questions.

Table 1: National income data for Syamland

Items	RM (million)
Transfer Payments	60
Interest Income	200
Depreciation	40
Wages	80
Investment	140
Business Profits	300
Indirect Business Taxes	80
Rental Income	90
Net Exports	25
Net Foreign Factor Income	15
Government Purchases	170
Household Consumption	320

- (i) Calculate the gross domestic product (GDP) using the expenditure approach.
(5 marks)
- (ii) Calculate GDP using the income approach.
(5 marks)

END OF EXAMINATION PAPER