MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

THIRD YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRI-BUSINESS MANAGEMENT AND TRADE

EAE 100: ECONOMICS OF INFORMATION TECHNOLOGY

DATE: 26/7/2019   **TIME:2:00 – 4:00 PM**

INSTRUCTIONS:

    (i)   **Answer question one (Compulsory) and any other two questions**

    (ii)   **Do not write on the question paper**

    (iii)   **Show your working clearly**

QUESTION ONE (COMPULSORY) (30 MARKS)

a)   Clearly describe the first-degree form of price discrimination, giving its pros and cons, and explain its significance in an economy   (10 marks)

b)   Define an operating system and describe the various operating systems that you know   (12 marks)

c)   Compare and contrast productivity effects of technology   (8 marks)

QUESTION TWO (20 MARKS)

a)   With the use of a well labelled diagram, explain the economic role of recognition of intellectual property rights.   (9 marks)

b)   Explain the various Electronic Data Processing Equipment that you know. (8 marks)

c) Define;
   i) Software maintenance;
   ii) Programming language;
   iii) Production rate;
   As applied in Economics of IT. (3 marks)

QUESTION THREE (20 MARKS)

a) How is software entropy a major issue especially in low income countries where standards are not adhered to? (4 marks)

b) Explain the economic benefits of bundling. (4 marks)

c) What is the importance of practicing price discrimination especially in industries that use high levels of technology in their routine processes? (6 marks)

d) Distinguish between the three main categories of ICT in the modern economy (6 marks)

QUESTION FOUR (20 MARKS)

a) Explain the two main reasons for the rapid growth in software maintenance in the global economy (6 marks)

b) Distinguish between the two basic methods of changing over to a new system (4 marks)

c) Use a suitable example to illustrate the process of data processing in a firm that has adopted the use of electronic data processing device. (10 marks)

QUESTION FIVE

Write short notes on the following;

   a) Business Process Outsourcing (4 marks)
   b) Software maintenance (4 marks)
   c) System lifecycle (4 marks)
   d) Price discrimination (4 marks)
   e) Project management (4 marks)