

T/O

PART 1

Good morning everyone. In the reading part of the exam, you read about the meaning of Research and Development, or shortly R&D. You also saw how governments can encourage R&D activities. In our lecture now, we will try to understand why businesses and governments want to increase their R&D activities. In order to answer this question, I will first talk about the developmental steps of R&D. Then, I will talk about the relationship between R&D and productivity growth. **(PAUSE)** In the second part of our lecture, we will discuss positive effects of R&D on economic growth, and the necessary conditions for a successful R&D project.

Well...To start with, if we want to have a better understanding of R&D, we should remember that there are three steps in a typical R&D process. **First**, R&D develops an old piece of knowledge into a new form. **(PAUSE)** **Second**, a new idea is created on this new form. **(PAUSE)** And **finally**, this new idea is transformed into a practical form. In other words, a new, marketable product is developed. In fact, the most important step of these three is the last one; **transforming this new idea into a marketable product**, because this step directly provides a business with productivity. **(PAUSE)** When a business is more productive, that business can grow easily and make more money. Therefore, high productivity is clearly the most valuable aim of a business that wants to grow easily and make more money. **(PAUSE)**

So, what do I mean by productivity? Basically, **productivity** is the relationship between input and output. **(PAUSE)** When I say input, I mean time, energy, or money put into a work. **(PAUSE)** And output is the product, or the end result of that work. **(PAUSE)** If a business spends a lot of time, energy, or money on production, this may not be profitable. So high productivity means, the business spends less time, energy, or money, and it gets more products and higher quality in return. **(PAUSE)**



