FORM TP 2016106

TEST CODE **01240020**

MAY/JUNE 2016

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. Answer the THREE questions in Section I, ONE in Section II and ONE in Section III as indicated. EACH question is worth 20 marks.
2. Write your answers in the spaces provided in this answer booklet.
3. Do NOT write in the margins.
4. You are advised to take some time to read through the paper and plan your answers.
5. If you need to rewrite any answer and there is not enough space to do so on the original page, you must use the extra lined page(s) provided at the back of this booklet. **Remember to draw a line through your original answer.**
6. **If you use the extra page(s) you MUST write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

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SECTION I

Answer the THREE questions in this section.

1. Janice retired after 15 years of working as a loans officer at a commercial bank and has decided to become an entrepreneur.

(a) (i) Define the term 'entrepreneurship'.

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(2 marks)

(ii) State FOUR reasons why a person may start a business.

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(4 marks)

(b) Identify FOUR stakeholders that could be involved in Janice's business.

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(4 marks)

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(c) Describe TWO types of services Janice may be able to offer given her banking experience.

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(4 marks)

(d) Explain TWO ways in which Janice's business can benefit the community.

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(6 marks)

Total 20 marks

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2. (a) Define the term 'conflict resolution'.

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(2 marks)

(b) Describe how the following factors can be sources of conflict at the workplace:

(i) Poor communication

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(2 marks)

(ii) Underperformance

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(2 marks)

(iii) Limited resources

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(2 marks)

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(c) (i) Distinguish between 'work to rule' and 'go slow'.

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(4 marks)

(ii) State TWO benefits of mediation as a means of conflict resolution.

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(2 marks)

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(d) Explain ONE way in which management can use EACH of the following guidelines to enhance relationships between management and staff:

(i) Open door policy

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(3 marks)

(ii) Annual retreat

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(3 marks)

Total 20 marks

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3. (a) Define EACH of the following terms and give ONE example of **each**:

(i) Capital

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(3 marks)

(ii) Collateral

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(3 marks)

(b) Outline THREE advantages of borrowing money from a credit union as opposed to a bank.

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(6 marks)

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(c) Identify TWO elements of a business plan.

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(2 marks)

(d) Explain ONE way in which a business plan is important to EACH of the following stakeholders:

(i) Business owners

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(3 marks)

(ii) Potential investors

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(3 marks)

Total 20 marks

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SECTION II

Answer EITHER Question 4 OR Question 5. Do NOT answer both.

4. (a) List THREE examples of EACH of the following:

(i) Market structures

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(3 marks)

(ii) Methods of retailing

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(3 marks)

(b) Differentiate between 'capital-intensive production' and 'labour-intensive production'.

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(4 marks)

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(c) Outline TWO purposes of branding.

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(4 marks)

(d) Explain TWO ways in which packaging helps in the marketing of goods.

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(6 marks)

Total 20 marks

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5. (a) List THREE sources from which EACH of the following may be obtained:

(i) Short-term financing

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(3 marks)

(ii) Long-term financing

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(3 marks)

(b) Differentiate between 'savings' and 'investment'.

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(4 marks)

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(c) Outline TWO ways in which the Internet has influenced investment activities.

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(4 marks)

(d) Explain TWO ways in which budgeting helps in managing personal finances.

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(6 marks)

Total 20 marks

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SECTION III

Answer EITHER Question 6 OR Question 7. Do NOT answer both.

6. (a) (i) Define the term 'consumer protection'.

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(2 marks)

(ii) Identify TWO social services provided by governments.

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(2 marks)

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(b) Describe ONE way in which governments carry out the following responsibilities:

(i) Protection of the environment

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(2 marks)

(ii) Security of the state

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(2 marks)

(iii) Maintenance of a safe climate for investors

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(2 marks)

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(c) Outline TWO ways in which governments' decision to provide laptops to primary school children can positively impact their education.

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(4 marks)

(d) Explain how governments use EACH of the following measures to regulate business activities:

(i) Taxation

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(3 marks)

(ii) Safety and health

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(3 marks)

Total 20 marks

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7. (a) Define EACH of the following terms:

(i) Standard of living

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(2 marks)

(ii) National income

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(2 marks)

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(b) Describe ONE way in which EACH of the following indicators affects an individual's standard of living:

(i) Quality and availability of employment

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(2 marks)

(ii) Quality and affordable housing

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(2 marks)

(iii) Access to affordable and quality health care

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(2 marks)

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(c) Describe TWO approaches used to measure national income.

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(4 marks)

(d) Explain how EACH of the following indicators can be used to evaluate the quality of life of citizens in your country:

(i) Right to privacy

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(3 marks)

(ii) Right to education

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(3 marks)

Total 20 marks

END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.

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