FORM TP 2018106

TEST CODE **01240020**

MAY/JUNE 2018

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of FIVE questions. Answer ALL questions.
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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ANSWER ALL QUESTIONS

1. (a) (i) Define the term 'organizational chart'.

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(2 marks)

(ii) State TWO rules that should be followed when constructing organizational charts.

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(2 marks)

(b) Construct a simple line organizational chart showing THREE levels and THREE positions for a small private limited company.

(4 marks)

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(c) List THREE duties of a personnel or human resource manager.

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(3 marks)

(d) (i) Suggest THREE potential causes of conflict within an organization.

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(3 marks)

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(ii) Explain TWO strategies that could be used to resolve conflict within an organization.

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(6 marks)

Total 20 marks

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2. (a) Michelle invented a unique household product and wants to start her own business. List FOUR characteristics she should display as an entrepreneur.

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(4 marks)

(b) Outline EACH of the following roles of the entrepreneur.

(i) Accessing funds

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(2 marks)

(ii) Organizing

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(2 marks)

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(c) Paul and his partner are seeking to establish a business. For EACH of the following statements, identify the step they have taken.

(i) Paul came up with an idea to place custom designs on sports cars.

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(ii) Paul met with his partner and determined how much raw material and capital, and how many workers they would need to start the business.

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(iii) The partners went around the community asking people if they would be interested in having custom designs on their cars and how much they would be willing to pay.

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(iv) The partners created a document which summarized the production, marketing and financial elements of the business to present to potential investors.

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(4 marks)

(d) Describe ONE key functional area of a business.

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(2 marks)

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(e) Explain TWO ways in which planning can improve the operation or success of a business.

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Total 20 marks

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3. (a) Define EACH of the following terms.

(i) Production

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(2 marks)

(ii) Productivity

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(2 marks)

(b) Identify TWO factors that can affect the supply of labour to a business.

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(2 marks)

(c) Describe TWO factors that can influence the productivity of labour.

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(4 marks)

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(d) Differentiate between 'subsistence production' and 'domestic production'.

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(4 marks)

(e) Explain ONE positive and ONE negative impact on a business, which result from improvements in technology.

Positive impact

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Negative impact

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(6 marks)

Total 20 marks

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4. (a) List FOUR marketing activities.

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(4 marks)

(b) Outline TWO elements of the traditional marketing mix.

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(4 marks)

(c) Describe EACH of the following methods of promoting sales.

(i) Public relations (PR)

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(ii) Sales promotions

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(4 marks)

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(d) Kevin and Mala have been thinking of setting up a cellphone and accessories business together.

(i) Define the term 'retailing'.

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(2 marks)

(ii) Describe THREE suitable types of retail outlets that Kevin and Mala could consider setting up.

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(6 marks)

Total 20 marks

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5. (a) State ONE major function of EACH of the following economic institutions.

(i) Caribbean Community (CARICOM)

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(ii) World Trade Organization (WTO)

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(2 marks)

(b) Outline ONE way in which governments can alleviate EACH of the following economic problems.

(i) Unemployment

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(ii) Overpopulation

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(iii) Migration

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(6 marks)

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(c) Define the term 'economic dualism'.

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(2 marks)

(d) Outline TWO benefits of obtaining foreign direct investment (FDI).

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(4 marks)

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(e) Explain TWO ways in which Caribbean governments can assist in the development of the manufacturing sector of their countries.

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(6 marks)

Total 20 marks

END OF TEST

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

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