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FORM TP 2009109

MAY/JUNE 2009

CARIBBEAN EXAMINATIONS COUNCIL

SECONDARY EDUCATION CERTIFICATE EXAMINATION

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2 hours

28 MAY 2009 (a.m.)

Answer the THREE questions in Section I and TWO questions in Section II as indicated.

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SECTION I

Answer the THREE questions in this section.

1. (a) State TWO reasons why an individual may want to establish a business. **(4 marks)**

(b) Outline THREE ways in which residents may benefit from having a business located in their community. **(6 marks)**

(c) State THREE ways in which a planned economy is different from a free market economy. **(6 marks)**

(d) Identify TWO benefits that a business will enjoy by converting from a partnership to a private limited company. **(4 marks)**

Total 20 marks

2. Mrs Greenwood is the owner of Refreshing Water, a bottled water business. In the last month, she has been having mechanical problems at the factory and as a result has not been able to meet time or quantity demands.

(a) Define the term 'entrepreneurship'. **(2 marks)**

(b) Explain ONE way in which Mrs Greenwood could use her entrepreneurial skills to solve the problem at Refreshing Water. **(3 marks)**

(c) Outline THREE reasons why Mrs Greenwood may have decided to open her own business. **(6 marks)**

(d) Identify THREE **unethical** practices in which Mrs Greenwood could engage to ensure that she does not lose business. **(3 marks)**

(e) Outline THREE consequences of **unethical** practices in business. **(6 marks)**

Total 20 marks

3. (a) (i) Explain what is meant by the term 'market research'. **(2 marks)**

(ii) Outline THREE reasons why businesses should conduct market research. **(6 marks)**

(b) State TWO ways by which hotels may promote sales during the off-season. **(4 marks)**

(c) Outline FOUR factors that may influence consumer behaviour in purchasing a cellphone. **(8 marks)**

Total 20 marks

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SECTION II

Answer TWO questions in this section as indicated.

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

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

(i) Migration

(ii) Labour supply **(4 marks)**

(b) Identify FOUR factors that affect the labour supply of a country. **(4 marks)**

(c) Outline TWO ways in which migration may affect the labour supply of

(i) the country from which workers migrate

(ii) the country to which workers migrate. **(8 marks)**

(d) Differentiate between production and productivity. **(4 marks)**

Total 20 marks

5. Mary-Jo has recently lost her job as a supervisor of a department store. She has been awarded a reasonable redundancy package and needs to live on a carefully monitored budget.

(a) Define the term 'personal budgeting'. **(2 marks)**

(b) Outline TWO ways in which Mary-Jo could benefit from budgeting. **(4 marks)**

(c) The following saving options are available to Mary-Jo:

(i) Credit unions

(ii) Commercial banks

State ONE advantage and ONE disadvantage of EACH saving option to Mary-Jo. **(8 marks)**

(d) Mary-Jo wants to use some of her redundancy money to invest in the stock market or to purchase a house.

(i) Describe the role of the stock market. **(2 marks)**

(ii) Outline ONE advantage and ONE disadvantage of EITHER investing in the stock market OR purchasing a house. **(4 marks)**

Total 20 marks

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

6. (a) Define the term 'human resource development'. **(2 marks)**

(b) Outline THREE ways in which human resource development can affect the economic growth and development of Caribbean countries. **(6 marks)**

(c) Discuss the effect of EACH of the following economic problems on Caribbean countries:

(i) Migration

(ii) Economic dualism **(6 marks)**

(d) Outline THREE ways in which the Caribbean Development Bank can assist in reducing the economic problems of Caribbean countries. **(6 marks)**

Total 20 marks

7. (a) State ONE function of EACH of the following economic institutions:

(i) World Trade Organization (WTO)

(ii) European Union **(4 marks)**

(b) State THREE benefits that Caribbean countries may enjoy from being members of CARICOM. **(6 marks)**

(c) Outline TWO ways by which the development of the manufacturing sector can assist in reducing the economic problems of Caribbean countries. **(4 marks)**

(d) (i) Define the term 'foreign direct investment' (FDI). **(2 marks)**

(ii) Outline TWO ways in which foreign direct investment can contribute to the economic growth of a country. **(4 marks)**

Total 20 marks

END OF TEST