

CARIBBEAN EXAMINATIONS COUNCIL

**SECONDARY EDUCATION CERTIFICATE
EXAMINATION**

PRINCIPLES OF BUSINESS

Paper 02 – General Proficiency

2½ hours

05 JANUARY 2006 (a.m.)

6029

Answer **ALL** questions in Section I and **THREE** questions in Section II as indicated.

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

SECTION I

Answer ALL THREE questions in this section.

1. Dave recently graduated from Technical School and was hired to manage a supermarket in his community.
- (a) List THREE management functions that Dave would have to perform as manager of the supermarket. (3 marks)
 - (b) Identify ONE responsibility Dave would have to EACH of the following:
 - (i) Shareholders
 - (ii) Customers
 - (iii) Employees (3 marks)
 - (c) Give TWO reasons why the employees in the supermarket may wish to join a trade union. (4 marks)

Total 10 marks

2. (a) Define the term "extractive industries". (2 marks)
- (b) Discuss TWO reasons why Caribbean countries can no longer rely on extractive industries as the main source of revenue. (4 marks)
- (c) Outline TWO ways in which Caribbean countries can benefit from service type industries such as telecommunications and professional services. (4 marks)

Total 10 marks

3. Blondi has an ordinary savings account at Toko National Bank (TNB), a popular commercial bank in her community. She would like the bank to make the following payments on her behalf:

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- (i) Monthly rent
 - (ii) Monthly electricity bill
 - (iii) One payment for an encyclopedia set
- (a) Advise Blondi on the BEST method of payment available through the bank for EACH of the bills above and explain why the method selected is suitable. **(6 marks)**
- (b) Identify TWO factors that would contribute to an increased demand for capital at Toko National Bank. **(2 marks)**
- (c) Explain THREE principles upon which a credit union is based. **(6 marks)**
- (d) Discuss TWO reasons why an individual would choose to obtain a loan from a credit union instead of a commercial bank. **(4 marks)**
- (e) Suggest TWO types of collateral security that can be used to secure a loan at Toko National Bank. **(2 marks)**

Total 20 marks

SECTION II

Answer **THREE** questions from this section.

ORGANIZATIONAL PRINCIPLES

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

4. In a soft drink factory, three employees were asked by their supervisor to work overtime. They all refused to do so.
- (a) List **THREE major** types of needs and state how **EACH** is satisfied through work. (6 marks)
 - (b) Suggest **THREE** excuses which the workers might use for refusing to work overtime. (6 marks)
 - (c) State **ONE** reason why overtime work would be needed in the factory. (2 marks)
 - (d) Advise the supervisor on **THREE** strategies he can use to encourage the employees to accept overtime work. (6 marks)

Total 20 marks

5. Plain Talk Ltd., a local radio station, wants all its employees to be well-informed about the following situations:
- The date and venue of the annual sports day
 - A bomb scare
 - The terms and conditions of their employment
- (a) (i) Suggest to management, **TWO** appropriate strategies for informing employees of **EACH** of the above situations. (6 marks)
 - (ii) Justify the suitability of **ONE** of the strategies suggested for **EACH** situation in (a) (i) above. (6 marks)
 - (b) Explain how teamwork can be effectively used in the production department of the radio station. (4 marks)
 - (c) Identify **TWO** ways in which the radio station may benefit when its employees work together. (4 marks)

Total 20 marks

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PRODUCTION AND MARKETING

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

6. A company would like to begin importation of a new brand of disposable diapers. There are many brands available on the market. You have been hired as the marketing consultant.
- (a) (i) Define the term 'target market'. (3 marks)
 - (ii) Identify THREE groups or institutions which will be important members of your target market. (3 marks)
 - (b) Define the term 'market research'. (2 marks)
 - (c) Identify THREE important pieces of information you will need to collect in your market research in order to advise the company and explain why EACH is important. (6 marks)
 - (d) (i) Explain what is meant by 'sales promotion'. (2 marks)
 - (ii) Identify and justify TWO sales promotion strategies which the company should use. (4 marks)

Total 20 marks

7. A local company involved in the production and sale of cosmetics has decided to begin selling its products via the Internet. So far the company has been selling on the local market using traditional channels of distribution.
- (a) State what is meant by 'e-commerce'. (3 marks)
 - (b) Explain what is meant by 'channels of distribution'. (2 marks)
 - (c) Identify and justify TWO means of communication that are vital to the company's success in e-commerce. (6 marks)
 - (d) Explain THREE reasons why the company will now have to change its marketing strategy. (9 marks)

Total 20 marks

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FINANCE AND INTRODUCTION TO ECONOMICS

Answer EITHER Question 8 OR 9. Do NOT answer both.

8. Government has a responsibility to protect consumers as well as to provide a climate for businesses to survive.

(a) State TWO reasons why consumers need protection. (4 marks)

(b) Identify THREE ways in which the government of your country can ensure that consumers' safety and well-being are protected. (6 marks)

(c) Discuss THREE ways in which the government may help businesses to succeed. (6 marks)

(d) State TWO ways by which the government can ensure that businesses protect the environment. (4 marks)

Total 20 marks

9. (a) Distinguish between a Manufacturers' Association and a Chamber of Commerce. (3 marks)

(b) State THREE functions of a Chamber of Commerce. (3 marks)

(c) Outline THREE types of unemployment that exist in the Caribbean. (6 marks)

(d) Discuss TWO economic problems, other than unemployment, which the Caribbean faces. (4 marks)

(e) Suggest TWO possible actions that the government can take to alleviate the problems identified in (d) above. (4 marks)

Total 20 marks

END OF TEST