

**CARIBBEAN EXAMINATIONS COUNCIL  
SECONDARY EDUCATION CERTIFICATE  
EXAMINATION**

**PRINCIPLES OF BUSINESS**

**Paper 02 - General Proficiency**

*2½ hours*

**05 JUNE 2001 (a.m.)**



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



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**SECTION I**

**Answer ALL THREE questions in this section.**

1. After discussing the poor results of its operations for the financial year Safe Coach Services Ltd. (SCSL) decided to establish a proper MIS.

- (a) What is a MIS system? ( 2 marks)
- (b) Give TWO purposes for which MIS can be used. ( 2 marks)
- (c) Identify FOUR benefits that SCSL can expect from implementing a MIS. ( 4 marks)
- (d) Identify TWO weaknesses associated with the implementation of MIS. ( 2 marks)

**Total 10 marks**

2. (a) Identify FOUR factors that have influenced the location of industries in your own country or in any other CARICOM country. ( 4 marks)

- (b) Using an example from an identified industry, define any TWO of the following concepts:
  - (i) Industrial linkage
  - (ii) Forward linkage
  - (iii) Backward linkage ( 4 marks)

(c) Identify ONE industry in any CARICOM country that you believe is poorly located and explain why you think the industry is poorly located. ( 2 marks)

**Total 10 marks**

3. (a) Define the term 'taxation'. ( 2 marks)

(b) State FOUR purposes of taxation. ( 4 marks)

- (c) (i) Distinguish between direct and indirect taxes. ( 4 marks)
- (ii) List TWO examples of direct tax. ( 2 marks)
- (iii) List TWO examples of indirect tax. ( 2 marks)

(d) Discuss THREE ways in which revenue earned from taxation is utilized by the government of your country. ( 6 marks)

**Total 20 marks**

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**SECTION II**

**Answer THREE questions in this section as indicated.**

**ORGANIZATIONAL PRINCIPLES**

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

4. Muffin Man is a 21-year-old artiste who performs both Reggae and Soca. He was contracted by Irie Promotions Ltd. to perform at a show on July 29, 1999. He was given 10% of his performance fee on the day he signed the contract. One day before the show Muffin Man's appendix ruptured. His agent called the promoters for Irie Promotions Ltd. to inform them that Muffin Man could not perform because he had to undergo surgery. Irie Promotions Ltd. was forced to cancel the show and decided to sue Muffin Man for breach of contract.

- (a) Define the term 'contract'. ( 2 marks)
- (b) Identify FIVE essential features of a valid contract present in the dealings of Muffin Man with Irie Promotions Ltd. (10 marks)
- (c)
  - (i) Explain the term 'breach of contract'. ( 2 marks)
  - (ii) Give ONE remedy for breach of contract? ( 1 mark )
- (d) State TWO ways by which a contract may be terminated. ( 2 marks)
- (e)
  - (i) Advise Irie Promotions Ltd. whether they would succeed in court against Muffin Man. ( 1 mark )
  - (ii) Give TWO reasons for your advice. ( 2 marks)

**Total 20 marks**

5. The government ministry with the responsibility for the public service in your country is undergoing reform. The permanent secretary who heads that ministry holds frequent meetings with various groups of staff to solicit their ideas to guide the reform process and to ensure that the lines of communication remain open. She is often commended for employing a leadership style that aims to ensure the involvement of all stakeholders in the reform process.
- (a) (i) Define the term 'leadership style'. ( 1 mark )
  - (ii) Identify the leadership style exhibited by the permanent secretary. ( 2 marks)
  - (iii) Name TWO other leadership styles. ( 2 marks)
  - (b) Outline TWO characteristics of EACH leadership style identified in (a) (iii) above. ( 4 marks)
  - (c) Suggest THREE other methods, apart from meetings, the permanent secretary could use to communicate with staff members within the organization. ( 3 marks)
  - (d) Discuss the effectiveness of EACH of these methods ( 6 marks)
  - (e) State TWO benefits staff will enjoy as a result of the permanent secretary's leadership style. ( 2 marks)

**Total 20 marks**

### PRODUCTION AND MARKETING

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

6. Milton Smith and his wife operate a petrol station at the intersection of two main roads in the heart of the city. The petrol station had to be closed for three months as the company was being given a facelift in line with a competitor's gas station one mile away.
- (a) (i) Define 'public relations'. ( 1 mark )
  - (ii) Give THREE examples of public relations techniques ( 3 marks)
  - (b) (i) Define 'sales promotion'. ( 1 mark )
  - (ii) List THREE examples of sales promotion techniques. ( 3 marks)
  - (c) (i) Explain how public relations and sales promotion strategies could be useful in assisting Mr. and Mrs. Smith in attracting customers. (10 marks)
  - (ii) Apart from public relations and sales promotion strategies, suggest ONE other technique that could be employed by Mr. and Mrs. Smith. ( 2 marks)

**Total 20 marks**

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7. (a) What is meant by 'consumerism'? ( 2 marks)
- (b) Identify SIX factors that can cause consumers to become dissatisfied with products purchased and with the providers of those goods and services. ( 6 marks)
- (c) Identify TWO pieces of legislation which exist in your country or in CARICOM territories to protect consumers. ( 4 marks)
- (d) Discuss FOUR other avenues, apart from government legislation, available to protect the rights of consumers. ( 8 marks)

**Total 20 marks**

### FINANCE AND INTRODUCTION TO ECONOMICS

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

8. John Nay grows carrots, peas and lettuce on his five-acre farm in the Caribbean island of Parrot Green. His wife sells these to people from all around the island. The 'market' for crops is good. John Nay is one of only two farmers in Parrot Green who grow these crops.
- (a) Define the terms 'market' and 'supply'. ( 2 marks)
- (b) List FOUR factors which will affect the amount of carrots that John Nay's wife will offer for sale. ( 4 marks)
- (c) Explain how EACH of the factors you mentioned above will affect the amount of carrots John Nay's wife offers for sale. ( 8 marks)
- (d) Identify and define the market structure in which John Nay operates. ( 2 marks)
- (e) John Nay has agreed to purchase the business of the other farmer who grows these crops.
- (i) Explain why John Nay could now determine the price he gets for his crops. ( 2 marks)
- (ii) Explain why John Nay might now restrict his output of crops. ( 2 marks)

**Total 20 marks**

9. The data below are for an economy in a given year.

	\$M
Consumption	169 000
Investment	84 040
Government spending	31 000
Net exports	- 10 000
Gross Domestic Product	274 040
Net Income from abroad	- 1 600
Gross National Product	272 440

- (a) (i) Define the terms 'Gross Domestic Product' and 'Net National Product'.  
( 4 marks)
- (ii) Distinguish between 'Gross National Product' and 'Gross Domestic Product'.  
( 4 marks)
- (b) (i) Give TWO reasons why the net exports are negative.  
( 4 marks)
- (ii) Give ONE reason why the net income from abroad is negative in this instance.  
( 2 marks)
- (c) (i) Identify ONE internal and ONE external measure government could take to improve the performance of the economy.  
( 2 marks)
- (ii) Explain why EACH measure listed above will improve the performance of the economy.  
( 4 marks)

**Total 20 marks**

**END OF TEST**