



CARIBBEAN  
EXAMINATIONS  
COUNCIL

Caribbean Secondary  
Education Certificate®

# SYLLABUS

# PRINCIPLES OF BUSINESS

CXC 08/G/SYLL 17

Effective for examinations from May–June 2019



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## NOTE TO TEACHERS AND LEARNERS

The Principles of Business Syllabus (CXC 08/G/SYLL 17) was revised in 2016 for first examination in 2019.

Teaching is expected to commence on the revised syllabus in September 2017.

First Published in 1978  
Revised in 1990, 1998, 2006 and 2016  
Amended 2013  
*Revised 2017*

Please check the website, [www.cxc.org](http://www.cxc.org) for updates on CXC®'s syllabuses.

### PLEASE NOTE



Throughout the syllabus, this icon represents key features that teachers and learners need to pay keen attention.

# Principles of Business Syllabus

## ◆ RATIONALE

Principles of Business focuses on the theoretical and practical aspects of business activities. It provides a framework to assist in more informed decision-making by individuals in their role of producers or consumers.

An understanding of business principles in this course of study prepares students to become productive members of society. The syllabus provides opportunity for students to develop entrepreneurial and managerial skills necessary to survive and prosper in a local, regional and global dynamic business environment. The **CSEC®** Principles of Business syllabus engages students in conducting research which helps to improve their communication and critical thinking skills and creates an awareness of business ethics and social and economic responsibilities.

The syllabus will not only provide a good foundation for further study of Business at pre-professional and professional levels, but will assist students in the development of the requisite skills, competencies, attitudes and values that are critical for success in today's business environment.

Additionally, it will inculcate tenets of the Ideal Caribbean Person as articulated by the CARICOM Heads of Government. That is, "someone who demonstrates a positive work ethic" and "values and displays the creative imagination in its various manifestations and nurtures its development in the economic and entrepreneurial spheres." Besides, in keeping with the UNESCO Pillars of Learning, on completion of this course of study students will learn to know, learn to do, learn to be, and learn to live together having been exposed to the values implicit within human rights, and democratic principles, among others.

## ◆ AIMS

The syllabus aims to:

1. promote understanding of theories, concepts and practices that are applicable to the culturally-diversified economic environment of the Caribbean;
2. provide knowledge of business and of its role in a rapidly-changing Caribbean and global economic environment;
3. provide the opportunity for informed decision making through the development of skills in critical thinking, problem-solving, research and communication;
4. nurture students' creative and entrepreneurial abilities to enable them to participate fully in the local, regional and global economy;
5. sensitise students to the need for responsible social and ethical behaviour in their pursuit of business goals; and,
6. enable students to access and apply appropriate technology in pursuing opportunities and solving problems in business.

## ◆ GENERAL OBJECTIVES

On completion of the syllabus, students should:

1. develop knowledge and skills to function effectively within the local, regional and global business environment;
2. develop understanding of theories, concepts and practices related to business;
3. develop the confidence to respond, positively, to the opportunities and challenges that present themselves in the world of business;
4. appreciate the importance of risk, research, planning and the use of modern technology in the development and conduct of business;
5. be aware that producers and consumers of goods and services have the responsibility to conduct business in a moral and ethical manner; and,
6. develop awareness of *career opportunities in business-related fields*.

## ◆ SKILLS AND ABILITIES TO BE ASSESSED

The assessment will test the following skills and abilities:

1. Literacy and Numeracy/Communication
  - (a) jargon of the field, formulae, form and style relevant to the field, use of English;
  - (b) recall, select, and use business-related theories, principles, concepts and methods; and,
  - (c) develop reasoned expositions on theories and policies used in accounting.
2. Critical thinking and problem solving
  - identify and analyse problems and formulate solutions.
3. Interpretation
  - interpret data and draw logical conclusions.
4. Research and statistics
  - (a) gathering relevant data; and,
  - (b) using appropriate strategies to present them.

## ◆ ORGANISATION OF THE SYLLABUS

The syllabus is arranged in ten sections consisting of specific objectives and related content.

### ORGANISATIONAL PRINCIPLES

SECTION 1	-	THE NATURE OF BUSINESS
SECTION 2	-	INTERNAL ORGANISATIONAL ENVIRONMENT
SECTION 3	-	ESTABLISHING A BUSINESS
SECTION 4	-	LEGAL ASPECTS OF BUSINESS

### PROMOTION AND LOGISTICS

SECTION 5	-	PRODUCTION
SECTION 6	-	MARKETING
SECTION 7	-	LOGISTICS AND SUPPLY CHAIN

### FINANCE, GOVERNMENT AND TECHNOLOGY

SECTION 8	-	BUSINESS FINANCE
SECTION 9	-	ROLE OF GOVERNMENT IN AN ECONOMY
SECTION 10	-	TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT

## ◆ SUGGESTED TIMETABLE ALLOCATION

It is recommended that a minimum of five 40-minute periods per week (over a two-year period) or the equivalent should be allocated to the syllabus.

## ◆ APPROACHES TO TEACHING SYLLABUS

*To facilitate students' attainment of the objectives of this syllabus, teachers are advised to note the guidelines listed below.*

- 1. The syllabus provides students with a grounding in fundamental business concepts, practices and skills. The major focus of the syllabus, however, is on the application of these concepts, practices and skills to aid the understanding of issues and problems both at the global and regional levels.*
- 2. Develop lessons using themes that encompass topics from different sections of the syllabus. Therefore, during the delivery of instruction, teachers should highlight those topics across the syllabus that are related, in order to indicate the relevance and relationships.*
- 3. Use a variety of methodologies integrating technology as well as role play, case studies, simulations, field trips, games, and presentations by resource personnel. Practical assignments and discussions on topical issues should be used where possible. **Throughout the syllabus, an asterisk\* is used to highlight specific objectives for which practical activities are imperative.***
- 4. Use tangible and physical examples as well as the resources on the internet and other electronic media.*



## ◆ CERTIFICATION

Candidates who sit the **CSEC**<sup>®</sup> Principles of Business will be awarded an overall grade on a six-point scale. In addition to the overall grade, candidates' performance will be reported by a letter grade under *the content* profiles listed below.

1. *Organisational Principles.*
2. *Promotion and Logistics.*
3. *Finance, Government and Technology.*

## ◆ DEFINITION OF PROFILE DIMENSIONS

*Each paper consists of items pitched at the following levels:*

### 1. Knowledge/Comprehension

The ability to:

- (a) state, list or identify *business* concepts, terms and principles;
- (b) define and explain *business* concepts, principles, theories and procedures; and,
- (c) demonstrate an understanding of basic *business* concepts, principles, *and skills*.

### 2. Application

The ability to:

- (a) apply *business* concepts and principles to analyse issues; and,
- (b) apply *business* concepts, principles and *skills* to solve problems in various situations.

### 3. Interpretation *and Analysis*

The ability to:

- (a) select, organise and interpret *business* data presented in a variety of forms; and,
- (b) organise and present, logically and effectively, *business* ideas and arguments using verbal, graphical and numerical forms of communication.

## ◆ FORMAT OF THE EXAMINATIONS

The examination consists of Paper 01, Paper 02 and Paper 031 (School-Based Assessment). Paper 032 (alternative to the School-Based Assessment) is offered to private candidates as an alternative to the School-Based Assessment.

**Paper 01**  
(1 hour 15 minutes)  
(60 marks)

A multiple-choice test of 60 items: *20 items testing each of the content profiles, **Organisational Principles, Promotion and Logistics, Finance, Government and Technology.***

**Paper 02**  
(2 hours)  
(100 marks)

A structured Essay Paper consisting of *five compulsory* questions. Each question will be worth 20 marks. *There will be two questions on Content Profile 1, two on Content Profile 2, and one on Content Profile 3.*

### School-Based Assessment (SBA)

**Paper 031**  
(40 marks)

A School-Based Assessment (SBA) component covering the Profile Dimensions of the syllabus. Details are given on pages 56-60.

**Paper 032**  
(1 hour and 15 minutes)  
(40 marks)

A case study for private candidates only. Details are given on pages 61.

### Distribution of Items for Paper 01 (Multiple Choice Test)

Section No.	Section Title	No. of Items
<b><u>Organisational Principles</u></b>		
1	The Nature of Business	5
2	Internal Organisational Environment	6
3	Establishing a Business	5
4	Legal Aspects of a Business	4
<b><u>Promotion and Logistics</u></b>		
5	Production	7
6	Marketing	7
7	<i>Logistics and Supply Chain</i>	6
<b><u>Finance, Government and Technology</u></b>		
8	Business Finance	7
9	The role of Government in an economy	7
10	<i>Technology and the Global Business Environment</i>	6

## ALLOCATION OF MARKS BY PAPERS AND PROFILE DIMENSIONS

Profile Dimensions	Paper 01 Multiple Choice	Paper 02 Structured Essay	Paper 031 SBA	Paper 032* Alternate Paper	Total	(%)
Profile 1	20	40	10	10	70	(35)
Profile 2	20	40	20	20	80	(40)
Profile 3	20	20	10	10	50	(25)
Total	60	100	40	40	200	(100)
(%)	(30)	(50)	(20)	(20)	-	-

### ◆ REGULATIONS FOR PRIVATE CANDIDATES

Private candidates must be entered for the examination through the Local Registrar in their respective territories. They will be required to sit Papers 01, 02, and Paper 032.

Paper 032 is a written examination designed for candidates whose research projects cannot be monitored by tutors in a recognised educational institution and who have been assigned by the Local Registrar to write Paper 032 at a designated examination centre.

### ◆ REGULATIONS FOR RESIT CANDIDATES

Resit candidates who have obtained a **MODERATED** score of 50 per cent or more of the SBA marks will not be required to repeat this component of the examination provided that they write the examination in the academic year immediately following their first sitting of the examination. Resit candidates who failed to achieve 50 per cent of the total SBA marks must repeat the project during the academic year in which the examination is repeated. Resit candidates must indicate at registration that they are resit candidates. *See Regulations for the January Sitting below.*

### ◆ REGULATIONS FOR THE JANUARY SITTING

1. All candidates for the January sitting who are taking **CSEC**<sup>®</sup> Principles of Business examination for the first time **MUST** write Paper 032.
2. There is no SBA option (Paper 031) available for January *for candidates who are writing the examination for the first time.*
3. *A resit candidate refers to a candidate who wrote Paper 031 (SBA) in the year immediately preceding the January examination, and obtained a **MODERATED** score of 50 per cent or more. Such a candidate is NOT required to write Paper 032 in January.*
4. *A candidate who qualifies as a resit candidate, that is, a candidate who obtained a **MODERATED** score of 50 per cent or more, but who wishes to try to improve on his/her grade, may write Paper 032 in January.*
5. *A candidate who did NOT qualify as a resit candidate, that is, who did not obtain 50 per cent or more in the SBA and who wishes to write the examination in January **MUST** write Paper 032.*

## ◆ SECTION 1: THE NATURE OF BUSINESS

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. *explain the development of barter;* *Explanation of the concept, advantages and disadvantages of barter.*
2. *describe the role of money;* *Brief history from subsistence economy to money economy.*
3. *identify the instruments of exchange;* Instruments of exchange/payments:
  - (a) barter;
  - (b) bills of exchange;
  - (c) electronic transfer;
  - (d) tele-banking and e-commerce;
  - (e) *cheques;*
  - (f) *money order;*
  - (g) *debit cards;*
  - (h) *credit cards;*
  - (i) *bank draft;*
  - (j) *telegraphic money transfer;*
  - (k) *bank transfers; and,*
  - (l) *M-money/mobile money and mobile wallets.*
4. *interpret information on various instruments of payment;* *Interpretation and significance of information on instruments of payments.*
5. *differentiate between private and public sectors;* *Concept of private and public sectors.*
6. *describe the various forms of business organisations and arrangements;* Forms of business organisations and arrangements: formation, management and characteristics of:
  - (a) sole trader;
  - (b) partnerships;
  - (c) co-operatives;
  - (d) companies (including private and public limited companies); and,
  - (e) *franchises.*

## SECTION 1: THE NATURE OF BUSINESS (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

7. differentiate among the *types of* economic systems;  
Types of economic systems:
  - (a) Traditional (subsistence).
  - (b) Command or planned (socialist).
  - (c) Free *market* or capitalist.
  - (d) Mixed (public and private).
8. describe the functional areas of a business;  
Production, Marketing, Finance, Human Resource and Research and Development.
9. identify the stakeholders involved in business activities;  
Owners, employees, *consumers, suppliers, communities, environment, future generations and government.*
10. discuss the role *and functions* of the stakeholders involved in business activities;  
*Examples of role and functions of:*
  - (a) *employers;*
  - (b) *employees: to provide labour services;*
    - (i) *the role as an accounts clerk - to serve as support to the accountant – to verify, organize, process and store the financial records of the company; and,*
    - (ii) *the role of a compliance officer – to ensure that the business operates in accordance with accepted standards – to execute the compliance policy to ensure that the business meets professional and accepted business standards.*
  - (c) *consumers;*
  - (d) *suppliers;*
  - (e) *communities; and,*
  - (f) *government.*

## SECTION 1: THE NATURE OF BUSINESS (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

11. *explain the ethical and legal issues in the establishment and operations of a business;*

*Ethical and legal issues relating to the establishment and operation of a business.*

*Examples include:*

*Ensuring that the business is a bonafide firm or establishment and not using it as a front for money laundering and other illicit activities.*

*Ensuring that capital is legally obtained and not tainted with illegal operations as the source of funding.*

*In the operations of a business, payment of national insurance contributions and taxes.*

12. *explain the principles that must be adopted in the establishment and operation of a business;*

*The ethical and legal principles that must be adopted in the establishment and operation of a business.*

*Examples include:*

*The adoption of an organisation code of ethics.*

*Policies on environmental issues.*

*Handling of personal information.*

13. *explain the consequences of unethical and illegal practices in business; and,*

*The negative effects of unethical and illegal practices on the business, for example:*

(a) *misleading advertisements – unfair and fraudulent practice on the population;*

(b) *withholding of tax – cheating the government of revenue;*

(c) *unethical disposal of waste – pollution; and,*

(d) *money laundering – distortions in the national economy.*

## SECTION 1: THE NATURE OF BUSINESS (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |  |  |
|--|--|
| 14. describe the careers in the field of business. | Examples of careers in the field of business:<br><br>(a) Advertising and Public Relations.<br><br>(b) Compliance Officers.<br><br>(c) Strategic Planners.<br><br>(d) Educators (online and face-to-face).<br><br>(e) Information Officers.<br><br>(f) Entrepreneurs.<br><br>(g) Resource Personnel.<br><br>(h) Web Designers.<br><br>(i) Web Planners.<br><br>(j) Software Developers. |
|--|--|

### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Have students conduct research on the concepts related to exchange ensuring that bartering, money, cards, and other instruments of exchange are identified.
2. Have students conduct research on topics such as the forms of business organisations and arrangements, and types of economic systems, and make presentations to the class. Use their findings as the basis for class discussions and teaching concepts.
3. Engage students in debates/discussions on ethical and legal issues in the establishment and operations of a business.
4. Invite guest speaker or engage students in research to help them to identify the elements of a business plan. After the exercise, present them with a case, divide class into groups and assign each group the task of completing a brief example of each element of an appropriate plan.

## SECTION 1: THE NATURE OF BUSINESS (cont'd)

5. *Arrange virtual or real-life field trips to observe principles and practices in businesses.*
6. *Have students collect information on top-trending careers in the field of business.*

### RESOURCES

- Bahaw, E. and Mollick, W.                      Comprehensive Economics for CSEC. Caribbean Educational Publishers, 2008.*
- Moynihan, D. and Titley, B.                    Economics: A complete Course for IGCSE and O Level. Oxford University Press, 2007.*
- Robinson, K. and Hamil, S.                    Principles of Business for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.*

### WEBSITES

<http://www.economist.com/node/14505519>

<http://wizznotes.com/pob/the-nature-of-business/instruments-of-exchange>



## ◆ SECTION 2: INTERNAL ORGANISATIONAL ENVIRONMENT

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. *describe* the functions of management;  
  
Functions of management:
  - (a) *planning (to create short term and long term goals to achieve the goals a business and sourcing the necessary resources to accomplish these goals);*
  - (b) organising;
  - (c) directing;
  - (d) controlling;
  - (e) coordinating;
  - (f) delegating; and,
  - (g) motivating.
  
2. outline the responsibilities of management;  
  
Management responsibilities to:
  - (a) owners and shareholders (by maximising efficiency and creating surpluses);
  - (b) employees (for example, providing adequate working conditions, training, maintaining good communication and human relations);
  - (c) society;
  - (d) customers; and,
  - (e) government.
  
3. \*construct *simple* organisational charts;  
  
The construction of simple organisational charts *ensuring that students understand and outline the components or characteristics of a simple chart.*
  - (a) *Line.*
  - (b) *Line and staff.*
  - (c) *Functional.*

## SECTION 2: INTERNAL ORGANISATIONAL ENVIRONMENT (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
4. interpret <i>simple</i> organisational charts;	Interpretation of simple organisational charts.  (a) <i>Chain of command.</i>  (b) <i>Span of control.</i>
5. outline the essential characteristics of a good leader;	Characteristics <i>including: Honesty, flexibility, focus, trustworthiness, and ability to make intelligent decisions.</i>
6. <i>discuss the different leadership styles;</i>	<i>The advantages and disadvantages of different leadership styles: Autocratic, Democratic, Laissez-Faire.</i>
7. identify potential sources of conflict within an organisation;	Internal sources of conflict, for example, <i>poor working conditions.</i>
8. outline strategies used by employers and employees to gain an upper hand during periods of conflict;	Employer strategies, for example, lock out and use of scab labour; employee strategies, for example, strike action and work to rule.
9. <i>describe</i> strategies for the resolution of conflict within an organisation;	Strategies such as mediation, arbitration, and the value of trade union representation. Grievance procedure.
10. establish guidelines for the conduct of good management and staff relations in the workplace;	Guidelines for establishing good relations between managers and employees.  <i>Examples:</i>  (a) <i>good communication with workers;</i>  (b) <i>improve working conditions;</i>  (c) <i>motivating workers;</i>  (d) <i>practice good leadership.</i>
11. <i>identify strategies for motivating employees in a business;</i>	(a) <i>financial methods; and,</i>  (b) <i>non-financial methods.</i>

## SECTION 2: INTERNAL ORGANISATIONAL ENVIRONMENT (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
12. evaluate the role of teamwork in the success of an organisation; and,	The value of teamwork within an organisation: (a) definition; (b) advantages; and, (c) disadvantages.
13. outline strategies for effective communication within an organisation.	The communication process and strategies for effective communication within an organisation.

### Suggested Teaching and Learning Activities

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

- Engage students in activities in which they interpret simple organisational charts.*
- Engage students in activities in which they construct simple organisational charts for their class, school, church, and clubs.*
- Divide students into groups and ask each group to describe strategies for the resolution of conflict within the school, citing an example to try to identify and explain concepts such as mediation, arbitration, and (union) representation.*
- Engage students in discussions which lead them to identify strategies for motivating the employees and students in their school, and then extend to business places.*
- Engage students in playing the game 'Chinese telephone' where a message is said by one student and passed around the room until all students have received it. Ask them to write down what they heard and then report it to the class. The accuracy of the individual written statements/reports should be checked, and then in small groups, students should outline strategies that may be used to ensure that this does not recur. This exercise could form the base for studying effective communication within organisations.*

### RESOURCES

Robinson, K. and Hamil, S. *Principles of Business for CSEC with SBA, Study Guide and Exercises.* Carlong Publishers, 2011.

## SECTION 2: INTERNAL ORGANISATIONAL ENVIRONMENT (cont'd)

### WEBSITES:

<http://2012books.lardbucket.org/pdfs/an-introduction-to-organizational-communication.pdf>

<http://ctb.ku.edu/en/table-of-contents/leadership/leadership-ideas/leadership-styles/main>

<http://www.leadership-toolbox.com/democratic-leadership-style.html>

<http://study.com/academy/lesson/sources-of-conflict-in-the-workpalce-task-relationship-and-process-conflict.html>

<https://www.boundless.com/management/textbooks/boundless-management-textbook/groups-teams-and-teamwork-6/managing-conflict-55/common-causes-of-team-conflict-277-3941/>

## ◆ SECTION 3: ESTABLISHING A BUSINESS

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. define the term entrepreneur;      The concept of entrepreneurship.
2. explain the *functions* of an entrepreneur;      Conceptualising, planning, accessing funds, organising, operating and evaluating the performance of a business. *Attention should be paid to the bearing of risks and the entitlement to the profits and losses of the business.*
3. identify the characteristics of the typical entrepreneur;      Personal traits and leadership qualities:
  - (a) creative;
  - (b) innovative;
  - (c) flexible;
  - (d) goal-oriented;
  - (e) persistent;
  - (f) persevering; and,
  - (g) propensity to take calculated risks.
4. describe the role of the entrepreneur in the decision-making process;      Importance of entrepreneurial organizational skills.  
*Examples:*
  - (a) *conceptualising;*
  - (b) *planning;*
  - (c) *accessing financing;*
  - (d) *organising the factors of production;*
  - (e) *operating the business;*
  - (f) *evaluating; and,*
  - (g) *risk bearing.*

### SECTION 3: ESTABLISHING A BUSINESS (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

- |    |  |  |
|----|--|--|
| 5. | <i>outline the role of the entrepreneur in economic development;</i>         | <p>(a) <i>collaborating;</i></p> <p>(b) <i>providing goods and services to satisfy citizens;</i></p> <p>(c) <i>creating jobs; and,</i></p> <p>(d) <i>contributing to nation building.</i></p>  |
| 6. | outline reasons why an individual may want to establish a business;          | <p>Reasons:</p> <p>(a) desire for financial independence;</p> <p>(b) self-fulfilment;</p> <p>(c) self-actualisation;</p> <p>(d) <i>increased income; and,</i></p> <p>(e) <i>increased control of working life.</i></p>   |
| 7. | outline the essential steps that should be taken in establishing a business; | <p>Steps for establishing a business:</p> <p>(a) conceptualisation;</p> <p>(b) research (market probe);</p> <p>(c) identification of resources (financial, human, material);</p> <p>(d) creation of business plan;</p> <p>(e) acquisition of funds; and,</p> <p>(f) operation of the business.</p> |
| 8. | identify the reasons for preparing a business plan;                          | <p>(a) to ensure that careful research is conducted into the feasibility of the business;</p> <p>(b) to attract potential investors;</p> <p>(c) to source financing; and,</p> <p>(d) to guide the operations of the business when making decisions.</p>  |

## SECTION 3: ESTABLISHING A BUSINESS (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |   |   |
|---|---|
| 9. <i>describe the elements of a business plan;</i>   | <i>Description of the basic elements of a business plan.</i> <ul style="list-style-type: none"><li>(a) <i>Executive summary: an overview of the business.</i></li><li>(b) <i>Operational plan: The business and its objectives – name, address, legal structure, aims and objectives. Personnel, suppliers, equipment necessary.</i></li><li>(c) <i>The business opportunity: a description of the product or service.</i></li><li>(d) <i>The marketing plan: a description of the potential customers and nature of competition.</i></li><li>(e) <i>Financial forecast: sources of finance, sales, cash flow, profit and loss forecasts.</i></li></ul> |
| 10. identify sources of information for conducting research into the establishment of businesses;                               | Primary and secondary sources of information for conducting research.   |
| 11. <i>discuss the significance of conducting a feasibility study into the establishing of a business;</i>                      | Reasons why a feasibility study is important: <ul style="list-style-type: none"><li>(a) <i>To ascertain the viability.</i></li><li>(b) <i>The possible costs attached to the project.</i></li><li>(c) <i>Possible sources of finance.</i></li></ul>   |
| 12. explain the relationship between planning and the operation of a business;  | The necessity for short-term, medium-term and long-term planning in operating a business.   |
| 13. identify regulatory practices instituted by governments for the establishment and conduct of different types of businesses; | Local, regional and global rules for establishing and conducting business, including local government (municipal, village council, parish council) regulations. For example: <ul style="list-style-type: none"><li>(a) <i>monetary and fiscal policies;</i></li><li>(b) <i>consumer protection agencies; and,</i></li><li>(c) <i>environmental policies.</i></li></ul>  |

### SECTION 3: ESTABLISHING A BUSINESS (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
14. outline the factors that determine the location of a business; and,	Factors affecting location: (a) geographical; (b) availability of raw materials and supplies; (c) infrastructure; (d) power and water; (e) <i>telecommunications</i> ; (f) transport; (g) health facilities; (h) labour supply; and, (i) governmental regulation.
15. explain the significance of collateral in accessing capital to establish a business.	Collateral: (a) concept; (b) evaluation of different types; <i>property, stocks, bonds, money, cash surrender on life insurance policies, motor vehicles, appliances; and,</i> (c) the value of collateral.

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Engage students in research on successful entrepreneurs. This research could be conducted using different strategies such as face-to-face interviews with the entrepreneurs or integrating technology (telephone, Skype, conference calls).



### SECTION 3: ESTABLISHING A BUSINESS (cont'd)

2. Organise for students to watch documentaries on businesses that have grown over a period of time and discuss these bearing in mind the concepts addressed in the course.
3. Arrange for the students to engage in actual or simulated business projects at school, applying the different principles learnt.
4. Arrange field trip(s) to bodies and agencies to investigate local, regional and global rules for establishing and conducting business, including local government (municipal, village council, parish council) regulations.
5. Allow students to participate in group work in which they discuss/debate which functions of management are most critical for an entrepreneur. They should be scored based on the application of the relevant concepts and principles.

### RESOURCES

- Bahaw, E. and Mollick, W. *Comprehensive Economics for CSEC. Caribbean Educational Publishers, 2008.*
- Laman, G. *Jamaican Entrepreneurship: A Review of the Characteristics, Traits and Ideas Underlying the Success of Some of the Island's Most Accomplished Entrepreneur. Kingston: Minna Press, 2014.*
- Robinson, K. and Cooke, N. *Economics for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.*
- Robinson, K. and Hamil, S. *Principles of Business for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.*
- Stephens-James, L. and Bowen, M. et al. *Entrepreneurship for Caribbean Students. Ian Randle Publishers, 2014.*

### WEBSITES

- Entrepreneur. 2014. Elements of a Business Plan. <http://www.entrepreneur.com/article/38308-3>.
- <https://www.entrepreneur.com/article/235903>
- <http://www.yourarticlelibrary.com/entrepreneur/entrepreneur-19-important-functions-performed-by-an-entrepreneur/10865/>
- <http://smallbusiness.chron.com/functions-business-plan-73.html>
- <http://www.businessdictionary.com/definition/feasibility-study.html>
- <http://www.businessdictionary.com/definition/collateral.html>

## ◆ SECTION 4: LEGAL ASPECTS OF BUSINESS

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. explain the concept of contract; Definition and concept of a contract.
2. *identify the types of contracts;* *Simple, specialty.*
3. describe the characteristics of a simple contract; Offer and acceptance, competence of parties, intention to create legal relations, consideration.
4. *describe the characteristics of a specialty contract;* *Signed, sealed and delivered.*
5. explain the conditions under which offer and acceptance are communicated; Concepts of offer and acceptance *which may be written or verbal.*
6. *explain ways by which contracts may be terminated or discharged;*
  - (a) *Concepts of discharge.*
  - (b) Types of discharge.
  - (c) Methods of discharge:
    - (i) *performance;*
    - (ii) *breach;*
    - (iii) *agreement;*
    - (iv) *impossibility;*
    - (v) *lapse of time; and,*
    - (vi) *death.*
7. *\*apply the principles of a simple contract to cases;* *Case studies.*
8. explain why documentation is necessary in business transactions; The importance of record keeping in a business, including its value in satisfying requirements for taxation and auditing.
9. *\*prepare business documents for various purposes;* Preparation of various business documents, including pro forma invoices, purchase requisitions, statements of accounts and stock cards.

## SECTION 4: LEGAL ASPECTS OF BUSINESS (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
10. evaluate the principles upon which insurance is based;	<i>The concepts of:</i> (a) <i>pooling of risks;</i> (b) <i>subrogation;</i> (c) <i>proximate cause;</i> (d) <i>indemnity;</i> (e) <i>utmost good faith;</i> (f) <i>contribution; and,</i> (g) <i>insurable interest.</i>
11. explain the various types of insurance policies; and,	Types of insurance policies: life and <i>non-life</i> .
12. explain how insurance facilitates trade.	The value of insurance coverage in lowering the risks associated with business.

### Suggested Teaching and Learning Activities

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

- 1. Invite guest speakers or arrange field trip(s) to legal bodies and agencies to investigate local, regional and global laws regarding, contracts and other legal issues relevant to the establishment and conduct of business transactions.*
- 2. Identify some cases for students to read and identify legal issues pertaining to business transactions.*
- 3. Use newspaper clippings and articles on real life situations to form the base for class discussions.*

## RESOURCES

Robinson, K. and Hamil, S. *Principles of Business for CSEC with SBA, Study Guide and Exercises.* Carlong Publishers, 2011.

## SECTION 4: LEGAL ASPECTS OF BUSINESS (cont'd)

### WEBSITES

<https://www.lawteacher.net/free-law-essays/contract-law/a-simple-contract.php>

<http://www.tutor2u.net/law/reference/the-elements-of-a-contract>

<https://www.youtube.com/watch?v=Gx8H4Ad8j8o>

<https://www.youtube.com/watch?v=07N2TyHI020&t=36s>

<https://www.saylor.org/site/textbooks/Business%20Law%20and%20the%20Legal%20Environment.pdf>

<http://www.slideshare.net/lakshmivinoth/principles-of-insurance-ppt>

<https://www.youtube.com/watch?v=mRaOHTZSaA8>

<http://www.businessdictionary.com/article/538/common-legal-issues-faced-by-businesses/>

## ◆ SECTION 5: PRODUCTION

### SPECIFIC OBJECTIVES

Students should be able to:

1. identify factors in the production of goods and services;
2. identify industries developed from the natural resources of Caribbean territories;
3. differentiate between production and productivity;
4. explain the importance of productivity;
5. explain the role of capital in production;
6. *differentiate amongst types of capital;*
7. classify the different types *and levels* of production;

### CONTENT

Factors of Production: land, labour, capital, enterprise/*entrepreneurial skill*.

Caribbean industries developed from agricultural produce, mining, *fishing, and other areas*.

*Output produced versus output per unit of input.*

Productivity as it relates to the efficiency of labour, including its value and importance; the factors affecting *the labour* supply; human resource development (including education, health, and working conditions); *importance of a positive work ethic; use of capital to improve productivity; land use and declining productivity in the region.*

*Capital's use in producing other goods; to undertake production that labour would not complete in a timely manner (for example, deep sea drilling).*

*Fixed, working and venture capital.*

(a) Types of Production:

- (i) extractive (agriculture, mining, fishing);
- (ii) construction (building);
- (iii) manufacturing (assembling, refining); and,
- (iv) service (transport, communication, tourism).

(b) *Levels of production:*

- (i) *subsistence;*
- (ii) *domestic consumption;*
- (iii) *surplus; and,*
- (iv) *export.*

## SECTION 5: PRODUCTION (cont'd)

### SPECIFIC OBJECTIVES

Students should be able to:

8. describe the characteristics of cottage industries;
9. outline the functions of small businesses;
10. discuss the advantages and disadvantages of small business;

### CONTENT

Cottage Industries:

- (a) home-based;
- (b) mainly manual;
- (c) small scale;
- (d) use of local raw material; and,
- (e) use of family members as labour.

Functions of small businesses:

- (a) *Create employment.*
- (b) *Provide services that large firms are not willing to produce.*
- (c) *Niche markets.*

(a) *Examples of advantages:*

- (i) *generate employment and incomes especially in rural areas and economically depressed areas;*
- (ii) *increase competition for larger firms; and,*
- (iii) *introduce new products and ideas (for example, event planning).*

(b) *Examples of disadvantages:*

- (i) *the business lacks expertise in certain areas;*
- (ii) *owners find it difficult sourcing finance from financial institutions; and,*
- (iii) *limited ability to service customers due to unavailable resources.*

## SECTION 5: PRODUCTION (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

11. *explain how a business grows internally and externally;*
- (a) *Examples of internal growth:*
- (i) *opening other outlets;*
  - (ii) *employing more workers; and,*
  - (iii) *increasing capital.*
- (b) *Examples of external growth:*
- (i) *joint ventures;*
  - (ii) *mergers; and,*
  - (iii) *takeovers/acquisitions.*
12. *outline the opportunities for and benefits of developing linkage industries; and,*
- Linkage industries:
- (a) *backward; and,*
  - (b) *forward.*
13. *explain the effects of growth on a business.*
- Growth of a business and effects on:
- (a) *organisational structure;*
  - (b) *capital;*
  - (c) *labour;*
  - (d) *use of technology; and,*
  - (e) *potential for export.*

## SECTION 5: PRODUCTION (cont'd)

### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Students can make presentations on the Caribbean industries based on resources found in the region. Examples include:
  - (a) The La Brea Pitch Lake in Trinidad and construction of roads in the Caribbean.
  - (b) Mining of limestone and its use in manufacturing cement at the TCL Group of companies including Arawak Cement Company Limited, Barbados; Caribbean Cement Company Limited, Jamaica; TCL Guyana Inc; and TCL Trading Company Limited, Anguilla.
  - (c) Beaches, national parks and tourism services.
2. Have students identify a large business that they can study in order to identify different features based on the concepts and principles being taught in the syllabus.
3. Engage students in discussion about the levels of production. Particular attention should be paid to differentiating between the surplus and export levels.
4. Ask students to identify small businesses in their communities and examine the advantages and the disadvantages. Teachers can discuss experiences with small businesses (examples include mechanic shops, tradesmen and small contractors) especially when they take long to respond to queries.

### RESOURCES

- |   |   |
|---|---|
| Bahaw, E. and Mollick, M.               | <i>Comprehensive Economics for CSEC. Caribbean Educational Publishers, 2008.</i>                      |
| Robinson, K. and Cooke, N.              | <i>Economics for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.</i>              |
| Robinson, K. and Hamil, S.              | <i>Principles of Business for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.</i> |
| Stephens-James, L. and Bowen, M. et al. | <i>Entrepreneurship for Caribbean Students. Ian Randle Publishers, 2014.</i>                          |
| Stimpson, P. and Harvey, Y. et al.      | <i>Principles of Business for CSEC. Nelson-Thornes, 2014.</i>   |

### WEBSITES

[https://www.youtube.com/watch?v=V\\_InI4S3fZ4](https://www.youtube.com/watch?v=V_InI4S3fZ4)

[https://www.youtube.com/watch?v=zj1WWv\\_roa0](https://www.youtube.com/watch?v=zj1WWv_roa0)





## ◆ SECTION 6: MARKETING

### SPECIFIC OBJECTIVES

Students should be able to:

1. *explain the concepts of market and marketing;*

2. *explain marketing activities;*

3. describe the “marketing mix”;

### CONTENT

*Explanation of market and marketing to include types.*

*New trends such as social media marketing and integrated marketing must be included.*

Marketing activities:

- (a) market research:
  - (i) consumer taste;
  - (ii) competition; and,
  - (iii) consumer behaviour.
- (b) pricing;
- (c) packaging;
- (d) branding;
- (e) sales promotion;
- (f) advertising; and,
- (g) distribution.

Marketing mix:

- (a) product;
- (b) price (*pricing strategies*);
- (c) place; and,
- (d) promotion.

## SECTION 6: MARKETING (cont'd)

### SPECIFIC OBJECTIVES

Students should be able to:

4. describe the factors that influence consumer behaviour;
  
5. identify *factors affecting* packaging and presentation of goods;
  
6. describe methods of promoting sales;

### CONTENT

Factors that influence consumer behaviour:

- (a) price;
- (b) price of substitutes;
- (c) quality;
- (d) taste;
- (e) tradition;
- (f) income (affordability);
- (g) spending patterns; and,
- (h) brand loyalty.

Packaging:

- (a) presentation; and,
- (b) use of brand names.

Methods of promoting sales:

- (a) advertising:
  - (i) functions and forms;
  - (ii) promotion including trading stamps and coupons, *loyalty points, rebates, bundling*; and,
  - (iii) loss leaders.
  - (iv) *social media*
- (b) public relations including business entertainment and the offering of special awards and sponsorship;
- (c) sales promotion; and,
- (d) personal selling.

## SECTION 6: MARKETING (cont'd)

### SPECIFIC OBJECTIVES

Students should be able to:

7. identify the techniques of selling;
8. explain the various terms of sales;
9. list the functions of consumer organisations;
10. *outline the role of customer service;*

### CONTENT

Selling:

- (a) salesmen and their approaches;
- (b) merchandising and adjusting of pricing policy; and,
- (c) methods of retailing: shops, department stores, mail order, e-commerce, tele-marketing, vending machines.

Terms of sales:

- (a) cash;
- (b) credit;
- (c) hire purchase;
- (d) *layaway*;
- (e) *consignment*; and,
- (f) cash and trade discounts.

Functions of consumer organisations:

- (a) the rights and protection of consumers (private organisations and government);
- (b) role of *quality control organisations like* the Bureau of Standards; and,
- (c) role of the Ombudsman.

*Ensuring conformity to customer requirements; adherence to copyrights, effective communication, coordinating flow of goods, services and information.*

## SECTION 6: MARKETING (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |     |   |   |
|-----|---|---|
| 11. | describe forms of customer service; and,                    | Forms of customer service:<br>(a) warranty;<br>(b) after sales service;<br>(c) feedback;<br>(d) <i>online chat</i> ;<br>(e) <i>toll free numbers/call centres</i> ;<br>(f) suggestion box; and,<br>(g) surveys. |
| 12. | <i>explain the concept of intellectual property rights.</i> | <i>Explain the concept and include subsets such as trademark, copyright, patent, industrial design.</i>   |

### Suggested Teaching and Learning Activity

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

1. *Students will continue to study their selected business as it relates to the topics being studied in the section.*
2. *Engage students in an activity to create a marketing mix for a new or existing product.*
3. *Engage students in role play where they display good customer service practices.*
4. *Divide students into teams for each to create an advertisement for an online/social media.*
5. *Divide students into groups with each designing and marketing of memorabilia for occasions such as independence, and anniversaries.*

## SECTION 6: MARKETING (cont'd)

### RESOURCES

*Robinson, K. and Hamil, S. Principles of Business for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.*

*Stimpson, P. and Harvey, Y. et al. Principles of Business for CSEC. Nelson-Thornes, 2014.*

### WEBSITES

[www.businessdictionary.com](http://www.businessdictionary.com)

## ◆ SECTION 7: LOGISTICS AND SUPPLY CHAIN

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. *explain the term logistics and supply chain operations;*
  - (a) Define:
    - (i) logistics; and,
    - (ii) supply chain operations.
  - (b) Explanation of the components of logistics: forward and reverse flow of goods; storage of goods; services such as insurance and related information between destinations.
  - (c) *Activities involved in supply chain operations:*
    - (i) *transformation of natural resources;*
    - (ii) *movement and storage of raw materials;*
    - (iii) *processing of raw materials and components into finished goods;*
    - (iv) *storage of work-in-progress and finished goods; and,*
    - (v) *delivering the finished product from point of origin to point of destination.*
  
2. *describe the links in the chain of distribution;*

The distribution chain:

  - (a) manufacturer;
  - (b) wholesaler;
  - (c) retailer; and,
  - (d) consumer.

## SECTION 7: LOGISTICS AND SUPPLY CHAIN (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
3. <i>distinguish between multimodal and intermodal transport;</i>	Modes of transport and their suitability for different goods:  (a) air;  (b) rail;  (c) road;  (d) marine (cruise and cargo);  (e) pipeline; and,  (f) <i>digital delivery</i> .
4. <i>interpret information on transport documents;</i>	<i>Transport documents including import licenses, bill of lading and airway bills.</i>
5. <i>explain the role of transport in marketing;</i>	Role – to fast-track sourcing of commodities; ensure security of supply; and cost reduction.  Importance of transport in domestic, regional and foreign trade.
6. <i>identify advantages and challenges of supply chain operations;</i>	(a) Advantages: better quality of life; wealth creation; new and innovative job opportunities including entrepreneurship, for example, telemarketing.  (b) Disadvantages: globalisation, counterfeiting, product complexity, rapid product obsolescence, regulatory complexity, management blunders, changing market conditions, natural disasters, and political instability.

## SECTION 7: LOGISTICS AND SUPPLY CHAIN (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

7. *explain the impact of logistics and supply chain operations on the competitiveness of business;*
- (a) Logistics improve competitiveness.  
(b) Competitive advantage.  
(c) Comparative cost advantage outsourcing through:  
(i) second party;  
(ii) third party; and,  
(iii) fourth party. (For example, imported concentrates).
8. identify the problems likely to be encountered in distribution;
- Problems:  
Problems encountered in distribution:
- (a) Relationship between the availability of airport, harbour and docking facilities and the efficient distribution of goods.  
(b) Delayed shipment, spoilage, misdirection of goods, inadequate warehousing facilities, lack of proper security measures, industrial unrest, and ineffective communication.
9. outline measures to mitigate problems in distribution; and,
- Measures to mitigate problems, including but not limited to:*
- (a) *Government intervention.*  
(b) *Communication network including use of the internet.*  
(c) *Insurance.*  
(d) *Selecting the most appropriate channel of distribution based on product.*  
(e) *Use handling services with good reputation.*  
(f) *Careful labelling and documentation.*  
(g) *Avoid holding large stocks.*  
(h) *Employing security company, use of security cameras.*



## SECTION 7: LOGISTICS AND SUPPLY CHAIN (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |   |   |
|---|---|
| 10. <i>outline the impact of information technology on logistics and supply chain operations.</i> | Forms of technology: <ul style="list-style-type: none"><li>(a) <i>Global Positioning Systems (GPS);</i></li><li>(b) <i>Geographic Information System (GIS);</i></li><li>(c) <i>Portnet;</i></li><li>(d) <i>Telemarketing, e-commerce;</i></li><li>(e) <i>Global logistics providers such as Fedex, DHL, and Amazon Logistics; and,</i></li><li>(f) <i>Logistics hubs, for example, Jamaica.</i></li></ul> |
|---|---|

### Suggested Teaching and Learning Activities

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

1. *Invite guest speakers (such as providers of goods and services, employers at warehouses, ports, agencies which provide courier services, custom brokers and haulage contractors) to explain how they operate and the impact they have on business.*
2. *Arrange actual or virtual field trips to locations such as warehouses, ports, agencies which provide courier and haulage services, and custom brokers to see how they operate and the impact they have on business.*

### RESOURCES

- |                                   |  |
|-----------------------------------|--|
| <i>Ballou, R.H.</i>               | <i>Business Logistics/ Supply Chain Management, 5<sup>th</sup> edition. Pearson Prentice Hall, 2004.</i> |
| <i>Mangan, J. and Lalwani, C.</i> | <i>Global Logistics and Supply Chain Management, 2<sup>nd</sup> edition. John Wiley and Sons, 2013.</i>  |

### WEBSITES

[www.caribbean-maritime.com](http://www.caribbean-maritime.com)

## ◆ SECTION 8: BUSINESS FINANCE

### SPECIFIC OBJECTIVES

Students should be able to:

1. *identify various financial institutions;*
  
2. *describe the functions and services offered by financial institutions;*

### CONTENT

*Financial institutions:*

- (a) Central bank.
- (b) Commercial banks.
- (c) *Non-bank financial institutions:*
  - (i) Credit unions;
  - (ii) insurance companies; and,
  - (iii) building societies.
- (d) Micro-lending agencies.
- (e) Government agencies.

*Functions offered by financial institutions:*

- (a) loans/ credit facilities;
- (b) savings and deposits;
- (c) making payments; and,
- (d) investments.

*Services offered by financial institutions:*

- (a) night safe deposits;
- (b) online banking;
- (c) advisory services;
- (d) credit and debit cards;
- (e) trustee work;
- (f) deposit boxes;
- (g) ATM/ABM services;
- (h) e-trade;
- (i) settlement services; and,
- (j) remittance services.

## SECTION 8: BUSINESS FINANCE (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

3. *describe the role and functions of financial regulatory bodies;*
- (a) *Financial Regulatory Bodies are government organisations such as:*
- (i) *Central Bank.*
  - (ii) *Jamaica Deposit Insurance Company (JDIC).*
  - (iii) *Financial Services Commission (FSC).*
- (b) *Role of regulatory bodies:*
- *To monitor, control and guide various industry sectors in order to protect consumers.*
- (c) *Functions of regulatory bodies:*
- *To enforce regulations and licenses of various financial activities, including depository, lending, collection and money transmission activities.*
4. *describe the relationship between financial institutions and regulatory bodies;*
- The regulatory role:
- (a) *Central Banks – Ways in which a Central Bank may regulate commercial banks:*
- (i) *variations in the liquid assets ratio;*
  - (ii) *vary or adjust the bank rate; and,*
  - (iii) *changing the minimum reserve requirements.*
- (b) *Financial Services Commissions.*
- (c) *Supervisor of Insurance.*

## SECTION 8: BUSINESS FINANCE (cont'd)

### SPECIFIC OBJECTIVES

Students should be able to:

5. outline ways used by individuals to manage personal income;
6. differentiate between savings and investments;
7. explain the concepts of short-term and long-term financing;

### CONTENT

*Ways of managing personal incomes:*

- (a) allocation of income relative to commitments through the use of a budget;
- (b) *savings*;
- (c) *investment*; and,
- (d) *financial advising*.

*Forms of Savings:*

- (a) *Sou sou (meeting-turn, partner, box hand)*;
- (b) *deposits in financial institutions*; and,
- (c) *short term fixed deposits*.

*Forms of investments*

As deferred income and investment as risk bearing:

- (a) *stock market*;
- (b) *government securities: bonds, debentures*; and,
- (c) *mutual funds*.

*Types of short-term financing:*

*Trade credit, commercial bank loans, Promissory notes, instalment credit, indigenous credit or private money lenders, advances from customers, factoring, venture capitalists, crowd funding, angel investors.*

*Types of long-term financing:*

- (a) loans from government agencies; and,
- (b) mortgages, debentures, shares, insurance, investment and unit trusts.

## SECTION 8: BUSINESS FINANCE (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |    |  |  |
|----|--|--|
| 8. | identify <i>personal</i> sources of capital for setting up of a business; and, | Sources of <i>personal</i> capital:<br>(a) friends and family;<br>(b) personal savings;<br>(c) government grants;<br>(d) loans;<br>(e) equity;<br>(f) venture capital; and,<br>(g) <i>crowd funding</i> .  |
| 9. | identify the purposes of basic financial records for sole traders.             | (a) Identify types of bookkeeping systems – single and double entry.<br><br>(b) Explain the purpose of basic financial statements: income statement (profit and loss) and statement of financial position (balance sheet); statement of cash flow. |

### Suggested Teaching and Learning Activities

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

1. *Engage students in the preparation of charts to show similarities and differences in the role of the various financial and regulatory institutions. These charts should be completed based on their understanding of their reading, class discussions, and lessons guided by the teacher.*
2. *Students should be given an assignment to write a short play to reflect the services offered by the various financial and regulatory institutions, and then different students assume the role of manager, customer service representatives, customers and dramatise these roles.*
3. *Engage the students in group research to identify the roles of financial regulatory bodies. A member of the group presents the report and the presentations are discussed in the class.*

## SECTION 8: BUSINESS FINANCE (cont'd)

4. *Assign students to groups in which they will use flowcharts to describe the relationships that exist between financial institutions and regulatory bodies. The charts should be vetted, refined, and edited during the class under the guidance of the teacher, and then displayed for all students to make their own personal notes.*
5. *Engage students in a practical assignment on managing personal income, where they identify their expenses and match these against their incomes. The students will share their information with the class during which time different issues such as the importance of savings should be highlighted and encouraged by the teacher.*
6. *Arrange for the students to play the game SAVINGS CHARADE, as outlined below.  
First allow students to research all these various savings opportunities. Let them prepare the charade cards with the questions on one card: the saving opportunity, type of financing, the risk, the benefits, the challenges. Then let them prepare the answers for each on other cards.  
  
Divide them into two teams: Each team will present a member; one will ask the question, the other respond and should do so in 1-2 minutes. The arrangement is reversed if member fails to answer questions. The group that gets the most correct answers wins.*
7. *Class discussion on the sources of capital and why these are options available to sole traders.*
8. *Students can visit websites and make notes on the various bookkeeping principles. These notes should guide the discussion in the class, while the teacher outlines the relevance and practical value of keeping accounts, as well as the importance of making a business plan and using it in the day-to-day operation of the business.*

## RESOURCES

- Bahaw, E. and Mollick, W.                      Comprehensive Economics for CSEC. Caribbean Educational Publishers, 2014.*
- Robinson, K. and Cooke, N.                    Economics for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.*

## WEBSITES

<http://smallbusiness.chron.com/basic-bookkeeping-principles-56316.html>

<http://www.microfinanceinfo.com/micro-financial-institutions/>

## ◆ SECTION 9: ROLE OF GOVERNMENT IN AN ECONOMY

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

1. outline the responsibilities of government in an economy;  
  
Responsibilities of government in an economy:
  - (a) security of the State;
  - (b) protection and general welfare of citizens;
  - (c) job security and severance benefits to workers;
  - (d) protection of the environment;
  - (e) maintenance of a safe environment for investors; and,
  - (f) regulation of business activity in terms of providing clear guidelines as how to set up businesses.
  
2. describe how government can influence businesses to protect the environment;  
  
*Policy or legislation on:*
  - (a) *green technology;*
  - (b) reforestation;
  - (c) *proper disposal of waste;*
  - (d) zoning laws; and,
  - (e) *the appropriate use of technology in production and disposal of wastes.*
  
3. state the purposes of taxation;  
  
Reasons why government charge taxes:
  - (a) to curb inflation by reducing the supply of money in the economy;
  - (b) to remove competition from local goods in order to protect infant or fledgling industries by taxing imports at high rates;

## SECTION 9: ROLE OF GOVERNMENT IN AN ECONOMY (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

4. distinguish between direct and indirect taxes;
- (c) to lower employment by encouraging persons to buy local produce thus encouraging linkages among sectors; and,
  - (d) to achieve greater equality in the distribution of wealth and income by taxing the higher income earners so as to provide social services for the majority of citizens.
- (a) Direct taxes refer to those taxes where the burden of the taxes and the payments of them fall on the same individual. This type of tax is usually applied to income and capital and is paid by individuals. Examples of direct taxes:
- (i) Income tax.
  - (ii) Corporation tax.
  - (iii) Capital gains tax.
  - (iv) Capital transfer tax.
- (b) Indirect taxes refer to those taxes where the burden and payment of the taxes fall on different individuals. This type of taxes is levied on goods and services and is usually paid by the manufacturers or importers. Examples of indirect taxes:
- (i) Custom duty.
  - (ii) Excise duty.
  - (iii) Purchase tax.
  - (iv) Stamp duty.
  - (v) *Consumption tax such as GCT, SCT, and VAT.*



## SECTION 9: ROLE OF GOVERNMENT IN AN ECONOMY (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
5. describe the forms of assistance offered by government to businesses; and,	Forms of government assistance includes: (a) lending capital and technical assistance; (b) training and human resource development; (c) research and information centres; and, (d) subsidies and grants.
6. <i>discuss the social services provided by government.</i>	Social services provided by government: (a) healthcare; (b) national insurance; (c) education; and, (d) roads and transportation.

### Suggested Teaching and Learning Activities

*To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.*

- 1. Use role play where students dramatise the role played by governments. They should describe how citizens benefit or may get help.*
- 2. Students could be asked to investigate the negative behaviour of firms and their impact and how these can be solved through positive actions. (For example, waste disposal).*
- 3. Teacher can invite students to list the various activities of governments. Then they should be invited to indicate how government obtains funds to pay for these expenses. Additionally, students can be asked to illustrate the other reasons why government charges taxes.*

*To reinforce this topic so students learn the many different reasons for taxations, teacher could give them an assignment to present a chart on this.*

- 4. Research on forms of government assistance including institutions for lending capital and technical assistance; training and human resource development; research and information centres; subsidies and grants.*
- 5. Research on social services provided by government, such as healthcare, National Insurance Scheme, education, roads and transportation.*

## SECTION 9: ROLE OF GOVERNMENT IN AN ECONOMY (cont'd)

### RESOURCES

- Moynihan, D. and Titley, B. Economics for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.*
- Robinson, K. and Hamil, S. Economics: A complete Course for IGCSE and O Level. University Press, 2007.*

### WEBSITES

<https://www.youtube.com/watch?v=26uGJCo0pvo>

[www.youtube.com/watch?v=26uGJCo0pv](http://www.youtube.com/watch?v=26uGJCo0pv)

<https://www.youtube.com/watch?v=26uGJCo>

<http://www.fte.org/teacher-programs/online-programs/economics-online-for-teachers/lecture-8-1-the-role-of-government-in-the-economy>

## ◆ SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT

### SPECIFIC OBJECTIVES

Students should be able to:

1. *explain the concept of business technology;*
  
2. *explain the role of Information Communication Technology (ICT) in business;*

### CONTENT

*Definition and concept of business technology:*

*Business technology refers to applications of science, data, engineering, and information for business purposes, such as the achievement of economic and organisational goals. The main element of technology is the idea of change, and how it can affect business and society.*

(a) *Role of technology in business:*

*ICT is considered to be all uses of digital technology that exist to help individuals, businesses and organisations use information. So ICT is concerned with the storage, retrieval, manipulation, transmission or receipt of digital data. Importantly, it is also concerned with the way these different uses can work with each other.*

(b) *Ways in which technology has influenced banking and commerce:*

(i) *Through the introduction of Automatic Teller Machines (ATMs) and Automated Banking Machines (ABMs) which facilitate the deposit and withdrawal of funds, as well as other services without having to go into a bank to access teller services. The location of ATM machines in hotels, petrol stations, malls and supermarkets adds to the convenience of customers who can transact business without having to wait in line at a bank.*

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- (ii) *The practice of on-line banking which enables customers to access their accounts from home and other locations using personal computers. This facility enables customers to check their balances from the comfort of their homes and permits easy and convenient payment of utility and other bills. Customers with more than one account can also use this facility to transfer funds from one account to another.*
- (iii) *Through electronic commerce (e-commerce). Using the internet, individuals and businesses are now able to make business transactions via the World-wide web, without having to visit a physical brick and mortar store. E-commerce has given rise to many on-line stores which permit customers to browse for products and pay for them electronically.*
3. *describe the types of ICT used in business;*
- Types of technology:*
- (a) *Traditional*
- (i) *Productivity tools, for example:*
- *Word;*
  - *Excel;*
  - *database software: Access;*
  - *presentation software: PowerPoint, Prezi; and,*
  - *graphics software: Adobe Photoshop.*

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- (ii) *Specialist applications:*
- *Accounting: QuickBooks.*
  - *Computer Aided Design (CAD).*
  - *Management Information Systems.*
- (b) *Digital communication technologies:*
- (i) *internet; and,*
- (ii) *mobile.*
4. *distinguish between E-commerce and E-business;*
- Definition of e-commerce and e-business:*
- In both cases, the e stands for "electronic networks" and describes the application of electronic network technology - including Internet and electronic data.*
- E-commerce covers outward-facing processes that touch customers, suppliers and external partners, including sales, marketing, order taking, delivery, customer service, purchasing of raw materials and supplies for production and procurement of indirect operating-expense items, such as office supplies. It involves new business models and the potential to gain new revenue or lose some existing revenue to new competitors. interchange (EDI) – to improve and change business processes.*
- E-business includes e-commerce but also covers internal processes such as production, inventory management, product development, risk management, finance, knowledge management and human resources. E-business strategy is more complex, more focused on internal processes, and aimed at cost savings and improvements in efficiency, productivity and cost savings.*

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

5. *identify ways in which ICT can be used to improve efficiency of business operations;*
- (a) *Ways in which technology can improve business:*
- (i) *speed and time;*
  - (ii) *easier storage;*
  - (iii) *improved sharing of information; and,*
  - (iv) *automation.*
- (b) *Benefits of technology to business:*
- (i) *reach more potential customers, develop a business relationship with potential customers;*
  - (ii) *streamline operations, reduce costs, improve efficiency, maximise profit, minimise waste, devote talent to core business instead of overhead;*
  - (iii) *provide better service to customers;*
  - (iv) *support better relationships with key partners; and,*
  - (v) *allow customers to better guide the business.*
6. *discuss the ethical implications of the use of ICT in business;*
- Consequences of unethical use of ICT:*
- (a) *security;*
  - (b) *privacy;*
  - (c) *intellectual property infringement;*
  - (d) *impact on humans; and,*
  - (e) *distraction.*

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

7. outline the factors that determine a country's standard of living and its quality of life;
- (a) Indicators of a country's standard of living (SOL):
- (i) level of consumption of goods and services;
  - (ii) average disposable income of the population;
  - (iii) level of national ownership of capital equipment;
  - (iv) access to modern technology; and,
  - (v) level of investment in research and technology.
- (b) Indicators of quality of life (QOL):
- (i) extent of security enjoyed (level of crime);
  - (ii) availability of health, educational and recreational facilities;
  - (iii) diet and nutrition;
  - (iv) life expectancy;
  - (v) rate of infant mortality; and,
  - (vi) access to public utilities, such as, electricity, potable water *and technology*.
8. explain national income and its variations: gross national product, gross domestic product, per capita income;
- (a) Definitions of National Income (NI), Gross National Product (GNP), Gross Domestic Product (GDP), Per capita income (PI).
- (b) Explanation of how each of these concepts affect growth and development and impact standard of living and quality of life.

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |     |   |  |
|-----|---|--|
| 9.  | describe the role of education in economic growth and development;        | How education can improve the workforce leading to increase in output.   |
| 10. | <i>outline the reasons for international trade;</i>                       | <i>Reasons why countries trade with each other:</i><br><br>(a) <i>one country may not be endowed with certain assets or have the natural resources such as land, labour, capital or enterprise to produce the goods that they need;</i><br><br>(b) <i>a country may not be able to produce the goods and services they need in the quantities or of the quality that they require;</i><br><br>(c) <i>a country may not have the climate to grow certain foods and have to depend on trade to get it for example wheat in United States; and,</i><br><br>(d) <i>international trade allows for foreign direct investment allowing individuals in one country to invest money in foreign companies and other assets.</i> |
| 11. | <i>identify the functions of major economic institutions and systems;</i> | Functions of these institutions <i>and related agreements:</i><br><br>(a) Caribbean Community (CARICOM);<br><br>(b) Caribbean Single Market and Economy (CSME);<br><br>(c) Caribbean Development Bank (CDB);<br><br>(d) International Bank for Reconstruction and Development (IBRD);<br><br>(e) World Bank;<br><br>(f) International Monetary Fund (IMF);<br><br>(g) World Trade Organisation (WTO); and,<br><br>(h) Organisation of American States (OAS).   |



## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

- |  |  |
|--|--|
| 12. <i>explain how economic institutions or trade agreements impact the Caribbean;</i>         | Explanation of the possible impact that each of these institutions/agreements can have on Caribbean countries.   |
| 13. identify major economic problems of the Caribbean;   | Major economic problems in the Caribbean: unemployment, population density, migration, debt burden, sourcing capital and raw materials, economic dualism in the region.  |
| 14. <i>outline appropriate solutions to the major economic problems of the Caribbean; and,</i> | Possible solutions to economic problems:<br><br>(a) access to Foreign Direct Investment (FDI);<br><br>(b) development of human resources;<br><br>(c) development of manufacturing, <i>distribution and export</i> sectors; and,<br><br>(d) <i>development of technology to generate economic activity.</i> |
| 15. <i>explain the role, benefits and impact of foreign investment.</i>                        | (a) <i>definition of foreign investment (direct and indirect investment);</i><br><br>(b) <i>explanation of how foreign investments can positively impact Caribbean countries and businesses; and,</i><br><br>(c) <i>explanation of the negative aspects of foreign investment.</i>                         |

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of this Section, teachers/facilitators are encouraged to engage students in the teaching and learning activities below.

1. Teachers should identify internet links where students should visit and return to the class with information for class discussion. Teacher can guide the content by giving specific questions to be investigated and discussed.
2. Assign topics for homework. Tell students to read on it and come to class with their own notes. This should form the stimulus for the guided discussion.
3. Use a flow chart and show the students the link between all the concepts.
4. Assign debate moot that will bring out not only the problems facing Caribbean economies but also solutions. Divide class in two groups, those supporting and those opposing. Have them prepare and present their information. You may ask other business teachers in your department to be judges.
5. Identify a controversial position on foreign investment that will generate a great deal of discussion. Divide the class into two groups and have them prepare the topic. Document points on the board for students to review.
6. Organise a Library Research Day when students visit the library as a class. Give them questions covering a topic and let them research the answers from sources in the library. Randomly select different students to present their findings. The teacher should guide the presentations to ensure that the students record and share the correct information.
7. Engage students in a research project on how Information Communication Technology is used in local, regional and international trade and its contribution to economic activity.

### RESOURCES

- |                             |   |
|-----------------------------|---|
| Moynihan, D. and Titley, B. | <i>Economics: A complete Course for IGCSE and O Level. University Press, 2007.</i>                    |
| Robinson, K. and Cooke, N.  | <i>Economics for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.</i>              |
| Robinson, K. and Hamil, S.  | <i>Principles of Business for CSEC with SBA, Study Guide and Exercises. Carlong Publishers, 2011.</i> |

## SECTION 10: TECHNOLOGY AND THE GLOBAL BUSINESS ENVIRONMENT (cont'd)

### WEBSITES

<http://www.useoftechnology.com/5-ethical-challenges-information-technology/>

<https://gigaom.com/2013/03/09/emerging-technologies-are-creating-new-ethical-challenges-for-ux-designers/>

<http://2012books.lardbucket.org/pdfs/challenges-and-opportunities-in-international-business.pdf>

<https://www.saylor.org/site/wp-content/uploads/2013/04/BusinessProcesses.pdf>

[https://saylordotorg.github.io/text\\_international-business/](https://saylordotorg.github.io/text_international-business/)

<http://2012books.lardbucket.org/books/theory-and-applications-of-macroeconomics/s07-04-the-meaning-of-real-gdp.html>

<http://www.oceanhealthindex.org/methodology/components/gross-domestic-product>

## ◆ GUIDELINES FOR THE CONDUCT OF THE SCHOOL-BASED ASSESSMENT IN BUSINESS STUDIES (PRINCIPLES OF ACCOUNTS, PRINCIPLES OF BUSINESS AND ECONOMICS)

School-Based Assessment (SBA) is an integral part of student assessment in the course covered by this syllabus. It is intended to assist students in acquiring certain knowledge, skills and attitudes that are associated with the subject. The activities for the School-Based Assessment are based on the syllabus and should form part of the learning activities to enable the student to achieve the objectives of the syllabus.

During this course of study, students obtain marks for the competencies they develop and demonstrate in undertaking their SBA assignments. These marks contribute to the final marks and grades that are awarded to students for their performance in the examination.

The guidelines provided in this syllabus for selecting appropriate tasks are intended to assist teachers and students in the selection of assignments that are valid for the purpose of School-Based Assessment. The guidelines provided for the assessment of these assignments are intended to assist teachers in awarding marks that are reliable estimates of the achievement of students in the School-Based Assessment component of the course. In order to ensure that the scores awarded by the teachers are consistent with the Caribbean Examinations Council's standards, the Council undertakes the moderation of a sample of the SBA assignments submitted by the school.

School-Based Assessment provides an opportunity to individualise a part of the curriculum to meet the needs and interests of students. It facilitates feedback to the student at various stages of the experience. This helps to build the self-confidence of students as they proceed with their studies. The SBA also facilitates the development of *research and analytical skills*, and critical skills and abilities, emphasised by the subject and enhances the validity of the examination scores.

### RESEARCH PROJECT

The School-Based Assessment component of the *syllabuses in Business Studies* is a single guided research project for school candidates. The project should involve the manipulation of research data *including data collection, analysis and interpretation*. All activities selected must be within the law and must lend themselves to the collection of business data and application of business principles identified in the mark scheme.

*Students are required to investigate a topic, issue or problem in a business related area of study (Principles of Accounts, Principles of Business and Economics). Students should:*

1. *identify the issue, topic or problem to be investigated;*
2. *discuss the background of the issue, topic or problem;*
3. *state the objective of the investigation;*
4. *describe the methodology and instruments used to collect data;*
5. *present and analyse the data;*

6. *state the conclusion based on findings;*
7. *make recommendations (at least two) based on the findings;*
8. *acknowledge sources (bibliography); and,*
9. *include appendices: questionnaire, source documents, diagrams, charts, interview questions and statistical data.*

*Examples of possible organisations and areas for research:*

1. school's cafeteria and stationery shop;
2. snack shop at school events;
3. *school projects (for Agriculture Science, Home Economics, TVET and Junior Achievement programmes);*
4. income and expenditure statements;
5. business plans;
6. *published financial reports such as those found in the business section of local newspapers, statistical reports including national income statistics, balance of payments statistics, survey of living conditions, household budgetary surveys, annual economic reports of Central Banks, Ministries of Finance and Planning Units, annual reports of firms in the region, budget speeches of Ministers of Finance or reviews of estimates of income and expenditure for Ministries of Finance;*
7. *economic information available on the internet (for example e-commerce);*
8. events coordinated by students such as concerts and fashion shows; and,
9. sporting and other cultural clubs at school *or in the community.*

## **SBA REQUIREMENTS**

Every candidate who enters for the **CSEC® Principles of Business** examination must submit a report on a project. Students may work individually or in groups to gather data. Each candidate must *be identified on the report*. The report should **not exceed 1,000 words**, (not including appendices). Wherever a *report* exceeds the maximum length for the project by more than 10 per cent, the teacher must impose a penalty of 10 per cent of the score achieved on the project. On the *report*, the teacher should clearly indicate the original score – that is, the score before the deduction is made – the marks which are to be deducted, and the final score *awarded* after the deduction has been made.

Only the final score is to be indicated on the record sheets which are submitted to **CXC®** *electronically via the SBA data capture module on the Online Registration System (ORS) on the Council's website.*

**Students doing more than one subject in the Business cognate group (Principles of Accounts, Principles of Business, and Economics) should submit one SBA report based on a topic relevant to the subjects being taken by the student and which allows the student to utilise skills that are common and relevant to the field of Business.**

## PROJECT REPORTS

A student's report should be presented *electronically and* should comprise the following in the order prescribed below.

1. *Table of Contents*
2. *Topic, Issue or Problem*
3. *Objective of the project – (The objective should be related to the project topic, issue or problem and NOT the SBA)*
4. *Background to OR overview of the topic, issue or problem*
5. *Methodology - Data collection and instrumentation*
6. *Presentation and Analysis of Data*
7. *Conclusion*
8. *Recommendations*
9. *Bibliography*
10. *Appendices*

## MARK SCHEME FOR RESEARCH PROJECTS

The project should be marked out of 40, weighted as follows:

<i>Knowledge and Comprehension (KC)</i>	-	10 marks
<i>Application (A)</i>	-	20 marks
<i>Interpretation and Analysis (IA)</i>	-	10 marks

## MARK SCHEME FOR SCHOOL-BASED ASSESSMENT

PROJECT AREAS	PROFILE DISTRIBUTION			TOTAL
	Knowledge and Comprehension	Application	Interpretation and Analysis	
<b>Table of Contents</b> <ul style="list-style-type: none"> <li>Table of contents accurately links pages to content – <b>1 mark (KC)</b></li> </ul>	1			1
<b>Topic/Issue/Problem</b> <ul style="list-style-type: none"> <li>Topic/issue/problem is clearly stated – <b>1 mark (KC)</b></li> <li>Topic/issue/problem accurately describes the project – <b>1 mark (KC)</b></li> </ul>	2			2
<b>Objectives</b> <ul style="list-style-type: none"> <li>Objectives are clearly stated and linked to the topic/issue/problem – <b>1 mark (A)</b></li> <li>Objectives are realistic – <b>1 mark (A)</b></li> </ul>		2		2
<b>Background/Overview</b> <ul style="list-style-type: none"> <li>Includes a description of the topic/issue/problem                             <ul style="list-style-type: none"> <li>Description includes the history – <b>1 mark (KC)</b></li> <li>Description includes the development – <b>1 mark (KC)</b></li> </ul> </li> <li>Establishes the need for research                             <ul style="list-style-type: none"> <li>Why/how is the topic/issue/problem important to student – <b>1 mark (A)</b></li> <li>Impact of topic/issue/problem on society – <b>1 mark (A)</b></li> </ul> </li> </ul>	2	2		4
<b>Methodology</b> <ul style="list-style-type: none"> <li>Data collection instrument clearly described – <b>1–2 marks (KC)</b></li> <li>Data collection instrument appropriate for type of data – <b>1 mark (A)</b></li> <li>Included at least two instruments of data collection – <b>1 mark (A)</b></li> <li>Method of data collection clearly described – <b>1–2 marks (A)</b></li> <li>Method of data collection adequately justified – <b>1–2 marks (IA)</b></li> <li>Limitations of data collection method clearly stated – <b>1–2 marks (A)</b></li> </ul>	2	6	2	10
<b>Presentation and Analysis of Data</b> <ul style="list-style-type: none"> <li>Data is presented an appropriate form using tables, charts, graphs – <b>1–2 marks (KC)</b></li> </ul>	2	4	4	10

PROJECT AREAS	PROFILE DISTRIBUTION			TOTAL
	Knowledge and Comprehension	Application	Interpretation and Analysis	
<ul style="list-style-type: none"> <li>Data presented are relevant to the objectives of the project – <b>1–2 marks (A)</b></li> <li>Data is adequately analysed – <b>1–2 marks (A)</b></li> <li>Data is analysed using appropriate statistics – mean, median, mode – <b>1–2 marks (IA)</b></li> <li>Findings are consistent with analyses – <b>1–2 marks (IA)</b></li> </ul>				
<b>Conclusion</b> <ul style="list-style-type: none"> <li>Conclusion succinctly summarises the project – <b>1–2 marks(A)</b></li> <li>Conclusion is logical and based on findings – <b>1–2 marks (A)</b></li> </ul>		4		4
<b>Recommendation</b> <ul style="list-style-type: none"> <li>Recommendations are realistic and informed by findings – <b>1–2 marks (IA)</b></li> <li>Recommendations contribute to a better understanding of the topic/issue/problem – <b>1–2 marks (IA)</b></li> </ul>			4	4
<b>Bibliography</b> Bibliography contains names of authors, name of publisher(s), names and dates of publication, and are written in alphabetical order – <b>1 mark (KC)</b>	1			1
<b>Overall presentation</b> <ul style="list-style-type: none"> <li>Consistently uses correct spelling and grammar – <b>1 mark (A)</b></li> <li>Expression of ideas logical and unambiguous – <b>1 mark (A)</b></li> </ul>		2		2
<b>TOTAL</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>40</b>

## MANAGEMENT OF THE PROJECT

School-Based Assessment tasks should be completed in the course of normal teaching time and supervised and marked by the teacher. Although some of the data collection and research work must be undertaken outside of normal school time, the teacher must be satisfied that the work submitted for assessment is the student's own work.

The teacher must:

- provide assistance to students in the selection of projects;
- advise students of the nature of the task, the scope and depth required to fulfill the requirements of the SBA;



3. advise on the availability of resource materials;
4. monitor students' progress by advising them of the quality of their work and by recommending ways to improve the quality of the project;
5. collect and grade students' projects;
6. keep records of students' marks and submit these, together with samples of their work, as requested by **CXC**<sup>®</sup>; and,
7. ensure that the SBA guidelines are closely followed and the marking criteria are adequately met.

## ◆ GUIDELINES TO TEACHERS FOR THE ALTERNATIVE TO SCHOOL-BASED ASSESSMENT

Paper 032 is the Alternative to School-Based Assessment (SBA) of the **CXC**<sup>®</sup> examination in Principles of Business. Paper 01 is a multiple choice paper and Paper 02 is a *structured essay* paper. Paper 031 is the SBA for school candidates and Paper 032 is for private candidates.

The Alternative to the School-Based Assessment in Principles of Business (Paper 032), takes the form of a written examination. *This paper will consist of a case from which information will be used to develop a business plan. Candidates will use the information based on questions posed on the case to complete the business plan template. The questions will be pitched at the levels of Knowledge/Comprehension, Application and Interpretation and Analysis.*

*The paper will be weighted in the same way as the Paper 031 (SBA) for school candidates, with the marks distributed according to the content profiles as shown in the table below.*

Content Profile	Organisational Principles	Promotion and Logistics	Finance, Government and Technology	Total Marks	Percentage of Total Exam
<b>MARKS</b>	10	20	10	40	20

**Please note that candidates taking Paper 032 are NOT required to submit a report.**

## ◆ GLOSSARY OF BUSINESS TERMS

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Autocratic Leader</i>	<i>A leader who makes all the decisions and closely monitors workers.</i>
<i>Average clause</i>	<i>A principle of insurance which protects against under insurance of an asset. If the value of a property at the time of loss or damage is less than its real value, payment by the insurance company will be reduced to a proportion representing the insured value to the actual value of the asset.</i>
<i>Barter</i>	<i>The exchange of goods (and services) for goods (and services) without the use of money.</i>
<i>Breach</i>	<i>This is where one party fails to carry out or fulfill what was promised under the terms of a contract.</i>
<i>Building Society</i>	<i>A financial institution that offers financial services, especially mortgage lending. The owners of the building society are also its members.</i>
<i>Business Plan</i>	<i>A document that outlines what the entrepreneur hopes to achieve from being in a business, the way that the business will achieve its aims and objectives and how various resources will be organised to meet these goals. It is the written proposal addressed to potential lenders or investors.</i>
<i>Business technology</i>	<i>Refers to applications of science, data, engineering, and information for business purposes, such as the achievement of economic and organisational goals.</i>
<i>Capacity</i>	<i>Recognition within the law as having the ability to enter into a binding contract.</i>
<i>Capital</i>	<i>All man-made assets used to produce goods and services.</i>
<i>Collateral</i>	<i>Money or property that is pledged as security or guarantee for repayment of a loan.</i>
<i>Command</i>	<i>Also known as <b>Planned</b>. It is a system where the majority of the resources are owned, planned and controlled by the state through a planning authority. Everyone cooperates for the good of society.</i>
<i>Contract</i>	<i>An oral or written agreement between two or more parties that is legally binding and enforceable by law.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Contribution</i>	<i>Speaks to the insurance of the same item with two different companies or with the same company under two different policies. The companies will combine to make a single payment.</i>
<i>Cooperative</i>	<i>A business which is owned and controlled by a group of people. The business is beneficial for all of them as they share the same interest.</i>
<i>Cottage industry</i>	<i>A business where the creation of products and services is based at home or in the community rather than a factory.</i>
<i>Crowd funding</i>	<i>A project or venture by which persons raise funds from a large number of people who each contribute a relatively small amount. This is typically done via the Internet.</i>
<i>Customer Service</i>	<i>The act of taking care of the customer's needs by providing and delivering professional, helpful, high quality service and assistance before, during and after the customer's requirements are met.</i>
<i>Database</i>	<i>A collection of data stored in a set of related tables. Institutions use electronic databases to store data about their employees, customers, suppliers, and other stakeholders. A database can contain one or more tables, each storing information about a different aspect.</i>
<i>Democratic Leader</i>	<i>A leader who allows others to contribute to the decision making. Subordinates are allowed to perform their task and make interim reports on their progress.</i>
<i>Discharge</i>	<i>Also known as <b>Termination</b>. This is the coming to end of a contract.</i>
<i>Distribution Channel</i>	<i>A chain of businesses or intermediaries through which a good or service passes, until it reaches the end consumer. It can include wholesaler, retailer, distributors and even the internet.</i>
<i>Domestic Trade</i>	<i>It involves the demand for and the supply of goods and services produced within a country, the total of which is expressed as the country's GDP.</i>
<i>E-Business</i>	<i>The process of conducting business by the way of the internet. The concept is broader than e-commerce, and includes the transaction based e-commerce businesses and those who run traditionally but cater to online activities as well. An e-business can run any portion of its internal processes online, including inventory management, risk management, finance, human resources. For a business to be e-commerce and e-business, it must both sell products online and handle other company activities or additional sales offline.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
E-Commerce	Any transaction completed over a computer-mediated network that involves the transfer of ownership or rights to use goods and services. Transactions are not required to have a price and include both sales and items like free downloads. E-commerce includes transactions made on the internet, Intranet, Extranet, World Wide Web, by email and even by fax.
Enterprise Software	Software which addresses the needs of organisational processes and data flow often in a large distributed environment.
Entrepreneur	Person who identifies a successful business opportunities, risks time and money to start a business, bringing resources together with the intention of generating wealth.
Entrepreneurship	The capacity and willingness to develop, organize and manage the resources of a firm or organization coupled with the ability to assume risks.
Ethics	Beliefs and principles about what is 'right' or 'wrong' behaviour or actions.
E-trade	Also known as <b>electronic trading</b> , is executing trading using one's smart phone, computer or any other electronic device. A typical operation requires a user to log in to a website and make their transactions. This data is routed to traders and exchange specialists. E-trade companies facilitate this kind of operation by managing the portfolios of investors and carrying out trading at their discretion.
Factors of production	The resources used by a firm to produce goods and services.
Feasibility Study	An analysis of the viability of a business idea and an examination of the different aspects of operating a business.
Financial institution	An establishment that conducts <b>financial</b> transactions such as investments, loans and deposits. Everything from depositing money to taking out loans and exchanging currencies must be done through <b>financial institutions</b> ( <a href="http://www.investopedia.com">www.investopedia.com</a> ).
Financial Leverage	Also known as <b>capital gearing</b> . It is a mixture of debt and equity in the capital structure of a firm, and influences the variations in shareholders' dividends in response to sales and earnings before interest and taxation variations.
Fixed capital	Assets that do not change as output is produced.

**WORD/TERM**

**DEFINITION/MEANING**

<i>Foreign Investment</i>	<i>A category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy.</i>
<i>Franchise</i>	<i>A business in which the owners (franchisors), sell the rights to their business logo, name, and methods of marketing to third parties (franchisees). The franchisee must pay royalties for using the brand.</i>
<i>Free market</i>	<i>Also referred to as Capitalist. It is a system based on free trade with resources allocated via the market mechanism and the interaction of private individuals.</i>
<i>General-Purpose Software</i>	<i>Software which is flexible and can be used for a variety of different tasks.</i>
<i>Geographic Information System (GIS)</i>	<i>A computer system for capturing, storing, checking, and displaying data related to positions on Earth's surface. It can show many kinds of data on one map and enables people to more easily see, analyse and understand patterns and relationships.</i>
<i>Global Positioning Systems (GPS)</i>	<i>A space-based radio navigation system which provides geolocation and time information anywhere there are GPS receivers, thus providing critical positioning capabilities to military, civil, and commercial users around the world.</i>
<i>Green Technology</i>	<i>The use of technology to produce or manufacture using processes which do not harm the environment. Also known as technology which is environmentally friendly.</i>
<i>Gross National Product (GNP)</i>	<i>The total value of all goods and services produced in country over a specified period of time usually one year.</i>
<i>Gross Domestic Product (GDP)</i>	<i>An indicator of how well an economy is performing.</i>
<i>Indemnity</i>	<i>Refers to a situation when one individual (insurer) takes on the obligation to pay for any loss or damage that has been or might be incurred by another individual (the insured). It also speaks to the principle that one should not make a profit for their loss.</i>
<i>Indirect Taxes:</i>	<i>Taxes levied on goods and services.</i>
<i>Information Centres</i>	<i>Centres which provide access to information. The information may be specific to aspects in the community. Example Office of Kalingo Affairs, Citizens by Investment Office.</i>

**WORD/TERM**

**DEFINITION/MEANING**

*Information  
Communication Technology  
(ICT)*

*All uses of digital technology that exist to help individuals, businesses and organisations use information. It covers any product that will store, retrieve, manipulate, transmit or receive information electronically in a digital form. For example, personal computers, digital television, email, robots. In business, ICT is often categorised into two broad types of product:*

*Traditional computer-based technologies (things you can typically do on a personal computer or using computers at home or at work).*

*Digital communication technologies (which allow people and organisations to communicate and share information digitally).*

*Insurable interest*

*The situation where the insured must have interest in the subject matter of the insurance.*

*Insurance*

*A contractual arrangement, represented by a policy, by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium. It is based on the principle of pooling of risk, and the main objective is to place the insured in the position they were before they suffered loss.*

*Intellectual Property Rights*

*This refers to a right that is had by a person or by a company to have exclusive rights to use its own plans, ideas or other intangible assets without the worry of competition, at least for a specific period of time. These include trademarks, copyrights, patents and trade secrets.*

*Intermodal transport*

*This involves the transportation of freight in an **intermodal** container or vehicle, using multiple modes of transportation (rail, ship, truck) without any handling of the freight itself when changing the modes.*

*International Trade*

*The exchange of goods and services between countries. It allows for the expansion of markets for goods and services, making goods and services that would not otherwise be available to some nations possible.*

*Investment*

*Spending by a business, over a period, on new capital including buildings, machinery, and equipment. It also includes the net additions to stock such as raw materials and consumer goods.*

*Invitation to Treat*

*This is not a genuine offer but instead expresses an invitation to another party to make an offer. It shows an openness to negotiations.*

*Labour*

*(Human resources) Refers to all physical and mental human effort used during the production process.*

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Laissez-Faire</i>	<i>A type of leader who provides minimum instructions to subordinates. This leader allows members of their team to freely make decisions on how their task should be completed.</i>
<i>Land</i>	<i>Also referred to as natural resources, and includes all naturally occurring gifts of nature which are on the earth's surface, above the earth's surface or beneath the earth.</i>
<i>Linkage industry</i>	<i>An industry that is interdependent on another because it supplies the other industry with output or depends on the output of the other industry.</i>
<i>Logistics</i>	<i>Refers to activities within one company or organisation involving product distribution.</i>
<i>Logistics Hub</i>	<i>A centre or specific area designated to deal with activities related to transportation, organisation, separation, coordination and distribution of goods for national and international transit, on a commercial basis by various operators.</i>
<i>Market</i>	<i>Any situation that brings buyers and sellers together for the purpose of exchange.</i>
<i>Marketing</i>	<i>All the processes involved in getting the right product to the right customer at the right price and at the right place in a profitable and efficient way.</i>
<i>Marketing mix</i>	<i>The five key decisions that must be taken in the effective marketing of a product.</i>
<i>Market Research</i>	<i>The collection and analysis of data about a market. An example of the data is consumer preferences.</i>
<i>Micro lending agencies</i>	<i>Firms that provide credit and other services to very small businesses that do not have the collateral to obtain financing from regular lending agencies. These agencies serve economically marginalized or impoverished individuals within populations.</i>
<i>Mixed</i>	<i>Refers to an economic system that has a combination of public and private sector ownership and control of resources.</i>
<i>Multimodal transport</i>	<i>Also known as <b>combined transport</b>. It is the transportation of goods under a single contract but performed with at least two different means of transport. The carrier is liable (in a legal sense) for the entire carriage, even though it is performed by several different modes of transport.</i>
<i>Offer</i>	<i>An undertaking/proposal by one party to do or not to do a particular thing.</i>

<u>WORD/TERM</u>	<u>DEFINITION/MEANING</u>
<i>Organisational Chart</i>	<i>A diagram that displays the structure and indicates the line of authority within that organisation.</i>
<i>Partnership</i>	<i>A business shared by two to twenty people.</i>
<i>Private limited company</i>	<i>A business owned by a minimum of two and a maximum of fifty shareholders, which limits the liability of owners to the amount invested in shares. Shares cannot be sold to the public.</i>
<i>Private sector</i>	<i>All businesses owned by private individuals or groups.</i>
<i>Production</i>	<i>The process of combining resources to produce output (goods and services) which satisfies wants and needs.</i>
<i>Productivity</i>	<i>The output which is produced per unit of a resource (or input).</i>
<i>Proximate cause</i>	<i>A principle which seeks to protect the insurer as they are only liable to replace the insured property if the cause of destruction was the one insured against.</i>
<i>Public limited company</i>	<i>A business owned by a minimum of seven shareholders which limits liability of owners to the amount invested in shares. Shares can be sold to any member of society who is willing to purchase them.</i>
<i>Public sector</i>	<i>All entities owned and controlled by the government of a country.</i>
<i>Regulatory bodies</i>	<i>Government agencies set up within countries to regulate or exercise autonomous authority over the activities of specific industries. For example the Central Banks regulate the activities of financial institutions within countries.</i>
<i>Sole trader</i>	<i>A business owned and controlled by one individual.</i>
<i>Subrogation</i>	<i>The case in which the damaged item becomes the possession of the insurer if they have compensated the insured for the loss. It also enables the insured to claim the amount from the third party responsible for the loss. It also refers to the money paid as claim.</i>
<i>Supply Chain</i>	<i>A system of organisations, people, activities, information and resources, (raw materials, components and work-in-process), involved in moving a product or service from supplier to customer.</i>
<i>Taxes</i>	<p><b>Direct Tax:</b> <i>Taxes imposed on individuals who have to make these payments.</i></p> <p><b>Indirect Tax:</b> <i>Taxes levied on goods and services.</i></p>



**WORD/TERM**

**DEFINITION/MEANING**

*Trade Embargo*

*A law or policy instigated by a country to restrict imports and exports. These are usually motivated by economic, political, oral or environmental factors and form a type of protest against the practices of another country.*

*Traditional economic system*

*A system based on traditions and customs, where the population is engaged in subsistence production. This means that they produce just enough to survive.*

*Utmost good faith*

*The requirement that as a client it is the duty of the insured to disclose all the facts to the insurance company. Any fraud or misrepresentation of facts can result into cancellation of the contract.*

*Venture capital*

*The funding provided to new businesses in exchange for partial ownership.*

*Void*

*Not valid. Not legally binding.*

*Working capital*

*Raw materials, goods and cash that are used up during the production process.*

*Zoning Laws*

*Regulations which control how individuals use property and guide the development of communities.*

## ◆ GLOSSARY OF EXAMINATION TERMS

<b><u>WORDS/TERMS</u></b>	<b><u>DEFINITIONS/MEANINGS</u></b>
account for	present reason for action or event
annotate	add a brief note to a label
apply	use knowledge of principles to solve problems
assess	present reasons for the importance of particular structures, relationships or process
calculate	arrive at the solution to a numerical problem
classify	divide into groups according to observable characteristics
comment	state opinion or view with supporting reasons
compare	state similarities and differences
construct	use a specific format to make and draw a graph, histogram, pie chart or other representation using data or material provided or drawn from practical investigations, build (for example, a model), draw scale diagram
deduce	make a logical connection between two or more pieces of information; use data to arrive at a conclusion
define	state concisely the meaning of a word or term
demonstrate	show; direct attention to...
describe	provide detailed factual information of the appearance or arrangement of a specific structure or a sequence of a specific process
determine	find the value of a physical quantity
design	plan and present with appropriate practical detail
develop	expand or elaborate an idea or argument with supporting reasons
diagram	simplified representation showing the relationship between components.
differentiate	state or explain briefly those differences between or among items which can be used to define the items or place them into separate categories.
discuss	present reasoned argument; consider points both for and against; explain the relative merits of a case
draw	make a line representation from specimens or apparatus which shows an accurate relation between the parts
estimate	make an approximate quantitative judgement

<b><u>WORDS/TERMS</u></b>	<b><u>DEFINITIONS/MEANINGS</u></b>
evaluate	weigh evidence and make judgements based on given criteria
explain	give reasons based on recall; account for
find	locate a feature or obtain as from a graph
formulate	devise a hypothesis
identify	name or point out specific components or features
illustrate	show clearly by using appropriate examples or diagrams, sketches
investigate	use simple systematic procedures to observe, record data and draw logical conclusions
label	add names to identify structures or parts indicated by pointers
list	itemise without detail
measure	take accurate quantitative readings using appropriate instruments
name	give only the name of
note	write down observations
observe	pay attention to details which characterise a specimen, reaction or change taking place; to examine and note scientifically
outline	Give basic steps only
plan	prepare to conduct an investigation
predict	use information provided to arrive at a likely conclusion or suggest a possible outcome
record	write an accurate description of the full range of observations made during a given procedure
relate	show connections between; explain how one set of facts or data depend on others or are determined by them
sketch	make a simple freehand diagram showing relevant proportions and any important details
state	provide factual information in concise terms outlining explanations
suggest	offer an explanation deduced from information provided or previous knowledge. (... a hypothesis; provide a generalisation which offers a likely explanation for a set of data or observations.)
test	to find out, following set procedures

# CARIBBEAN EXAMINATIONS COUNCIL

Caribbean Secondary Education Certificate®  
CSEC®



## PRINCIPLES OF BUSINESS

### Specimen Papers and Mark Schemes/Keys

**Specimen Paper:** - Paper 01  
Paper 02  
Paper 032

**Mark Scheme and Key:** - Paper 01  
Paper 02  
Paper 032



**SPEC 2019/01240010**

**TEST CODE 01240010**

**C A R I B B E A N   E X A M I N A T I O N S   C O U N C I L**

**CARIBBEAN SECONDARY EDUCATION CERTIFICATE  
EXAMINATION®**

**PRINCIPLES OF BUSINESS  
SPECIMEN PAPER**

**Paper 01 – General Proficiency**

*1 hour 15 minutes*

**READ THE FOLLOWING DIRECTIONS CAREFULLY.**

1. This test consists of 60 items. You will have 1 hour and 15 minutes to answer them.
2. In addition to this test booklet, you should have an answer sheet.
3. Each item in this test has four suggested answers lettered (A), (B), (C), (D). Read each item you are about to answer and decide which choice is best.
4. On your answer sheet, find the number which corresponds to your item and shade the space having the same letter as the answer you have chosen. Look at the sample item below.

Sample Item

The money a business receives from the sale of goods or services is called its

- (A) assets
- (B) capital
- (C) income
- (D) resources

Sample Answer



The correct answer to this item is “income”, so (C) has been shaded.

5. If you want to change your answer, erase it completely before you fill in your new choice.
6. When you are told to begin, turn the page and work as quickly and as carefully as you can. If you cannot answer an item, go on to the next one. You may return to that item later.

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

1. A system involving the exchange of goods depending on the 'double coincidence of wants' is known as
- (A) barter
  - (B) money
  - (C) specialization
  - (D) equal exchange
2. Which of the following is NOT a function of money?
- (A) Indivisibility
  - (B) Store of value
  - (C) Measure of value
  - (D) Medium of exchange
3. A post-dated cheque is one which is dated
- (A) no later than six months ago
  - (B) for payment at a future date
  - (C) to agree with the date of the document requesting payment
  - (D) by the bank on the day the cheque is presented for payment
4. Which of the following practices are characteristic of a free economy?
- I. Private ownership of assets
  - II. Central planning
  - III. Freedom of contract
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
5. In which department of a manufacturing business would an engineer MOST likely be found?
- (A) Financial
  - (B) Personnel
  - (C) Production
  - (D) Marketing
6. Which of the following responsibilities must be assumed by the management of a company?
- I. Producing goods of a marketable quality
  - II. Maximizing efficiency and creating surpluses
  - III. Determining dividends to be paid to shareholders
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
7. A hotel gives vouchers for meals to its employees. This form of incentive is BEST described as a
- (A) bonus
  - (B) reward
  - (C) fringe benefit
  - (D) motivation scheme
8. The primary role of the Human Resource Department of a firm is to
- (A) discipline employees who breach regulations
  - (B) recruit, train and motivate workers
  - (C) seek training opportunities for employees
  - (D) represent employees in industrial relations
9. Which of the following characteristics are exemplary of a good leader?
- I. Inspiring workers
  - II. Delegating responsibilities
  - III. Making intelligent decisions
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III

GO ON TO THE NEXT PAGE

- 10.** An authoritarian leader is one who
- (A) takes suggestions from employees
  - (B) allows workers to plan their own work
  - (C) makes decisions without consultation
  - (D) consults with those likely to be affected by the decision
- 11.** The workers in a large organization are dissatisfied with the working conditions. The trade union representatives' FIRST likely action will be to
- (A) encourage the workers to take strike action
  - (B) have discussions with the personnel officer
  - (C) request a meeting with the Board of Directors
  - (D) encourage employees to adopt go-slow tactics
- 12.** A trait associated with entrepreneurs is
- (A) opposition to change
  - (B) acceptance of loss
  - (C) fear of failure
  - (D) taking risks
- 13.** The purpose of a business plan is to
- I. measure the performance of the business
  - II. attract financing for the business
  - III. provide direction for the business operations
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
- 14.** Which of the following factors is LEAST likely to affect the location of a business?
- (A) Weather condition
  - (B) Availability of labour
  - (C) Suitable infrastructure
  - (D) Availability of raw material
- 15.** Which of the following pieces of information should be included in a feasibility study?
- I. An overview of the business
  - II. The growth potential of the business
  - III. The profitability of the business
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
- 16.** Which of the following is a regulatory issue for the entrepreneur?
- (A) Using a credit card to transact business
  - (B) Offering hire purchase options to customers
  - (C) Paying national insurance to the government
  - (D) Advertising the business locally and regionally

- 17.** Which of the following situations would occur if a contract for the sale of goods becomes void?
- I. The prospective buyer becomes the owner.
  - II. The prospective buyer does not become the owner.
  - III. The seller must return any money or goods given to him by the prospective buyer for the transaction.
- (A) I only  
(B) II only  
(C) I and III only  
(D) II and III only
- 18.** Which of the following documents should be used to indicate to a business department that supplies of certain goods are needed?
- (A) Invoice  
(B) Quotation  
(C) Stock card  
(D) Requisition order
- 19.** Which of the following describes an essential feature of a valid contract?
- (A) The offer has been communicated to the offeree.  
(B) A counter offer has been made by the offeree of the offeror.  
(C) The offer has been accepted by the offeree.  
(D) The offer has been made in writing by the offeror.
- 20.** Which of the following ways is NOT legitimate for terminating a contract?
- (A) Breach  
(B) Performance  
(C) Lapse of time  
(D) Change of mind
- 21.** 'Capital as a factor of production' refers to
- (A) goods purchased for resale  
(B) assets that are owned by the firm  
(C) money that is used to purchase goods  
(D) goods that are used to produce other goods
- 22.** Primary production is concerned with the
- (A) distribution of goods  
(B) provision of services  
(C) provision of raw materials  
(D) manufacture of goods
- 23.** Which of the following are features of a cottage industry?
- I. Minimal investment
  - II. Production of exports
  - III. Family help
- (A) I and II only  
(B) I and III only  
(C) II and III only  
(D) I, II and III



24. Which of the following is NOT a primary industry?
- (A) Mining
  - (B) Building
  - (C) Fishing
  - (D) Farming
25. Which of the following LEAST affects the location of an industry?
- (A) Proximity to sources of raw materials
  - (B) Availability of an abundant labour supply
  - (C) Proximity to large shopping areas
  - (D) The presence of good roads and drainage
26. Which of the following actions would allow a cigarette manufacturer vertical integration of business activities?
- I. Buying a tobacco estate
  - II. Purchasing a competitor's cigarette factory
  - III. Establishing a retail outlet for cigarettes
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
27. Which of the following are functions of small firms?
- I. The provision of goods and services
  - II. The offering of personalized services
  - III. The production of exclusive articles
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
28. Which of the following activities carried out in a firm will NOT be under the supervision of the marketing manager?
- (A) Packaging
  - (B) Purchasing
  - (C) Advertising
  - (D) Distribution
29. Which of the following documents gives the name of the ship and full particulars of the shipment of goods?
- (A) Bill of sale
  - (B) Airway bill
  - (C) Broker's bill
  - (D) Bill of lading
30. Which of the following are characteristics of a 'perfect market'?
- I. There are many buyers and sellers.
  - II. The price of the goods must be fixed by supply or demand.
  - III. There must be several types of the commodity on sale.
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
31. Which of the following BEST describes the term 'loss leader'?
- (A) An item which the retailer gives away to customers
  - (B) A product which is sold cheaply to attract customers
  - (C) A good which has no real market value
  - (D) A product which the retailer is unable to locate

GO ON TO THE NEXT PAGE

32. Which of the following is a MAJOR function of consumer organizations?
- (A) Acting as price inspectors
  - (B) Providing goods and services for consumers
  - (C) Setting price controls for certain commodities
  - (D) Educating consumers about their rights and privileges
33. Which of the following BEST describes a bill of sale?
- (A) An agreement between buyer and seller regarding title of ownership of goods
  - (B) A notice that a list of items overdue for customs clearance will be auctioned
  - (C) An advertisement for sale of a client's property by the bank in settlement of a debt
  - (D) A document drawn up by a business to inform import control authorities of its export activities
34. A housewife buys meat from a local butcher in her neighbourhood. What type of distribution does this represent?
- (A) A retail outlet
  - (B) A direct channel
  - (C) A single channel
  - (D) An indirect channel
35. Advantages of supply chain operations include
- I. wealth creation
  - II. job opportunity
  - III. better quality life
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
36. Which of the following describes planning, implementation, forward and reverse flow of goods and services and related information between two destinations to satisfy customers' requirements?
- (A) Logistics
  - (B) Airway bill
  - (C) Globalization
  - (D) Multimodal transport
37. Which of the following problems are likely to be encountered in distribution?
- I. Spoilage of goods
  - II. Inadequate warehousing
  - III. Ineffective communication
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
38. The link in the distribution chain that BEST describes the breaking of bulk goods into smaller packages is called
- (A) retailer
  - (B) consumer
  - (C) wholesaler
  - (D) manufacturer
39. A system of organizing people, activities, information and resources involved in moving a product or service from supplier to customer can BEST be described as
- (A) logistics
  - (B) airway bills
  - (C) intermodal transport
  - (D) supply chain operations

40. What is the name of the document used as the receipt of goods by an airline carrier and as a contract of carriage between the shipper and the carrier?
- (A) Insurance
  - (B) Airway bill
  - (C) Bill of lading
  - (D) Import license
41. Which of the following is a function of a commercial bank?
- (A) Refusal of deposits
  - (B) Lending of depositors' funds
  - (C) Making the various currencies
  - (D) Barring of long-term financing
42. On which of the following bank accounts is a service fee discharged?
- (A) Current
  - (B) Savings
  - (C) Term deposit
  - (D) Fixed deposit
43. One of the MAJOR functions of a Central Bank is to
- (A) make loans and advances
  - (B) accept deposit accounts
  - (C) issue notes and coins
  - (D) issue stocks and shares
44. From which of the following commercial organizations might any member of the public be allowed to purchase shares?
- (A) Cooperatives
  - (B) The Central Bank
  - (C) Private companies
  - (D) Government agencies
45. Tom invests his savings by buying shares in a company. From this investment, Tom expects to receive
- (A) profits
  - (B) interest
  - (C) revenue
  - (D) dividends
46. A plan for systematic saving and spending is referred to as
- (A) trading
  - (B) investing
  - (C) financing
  - (D) budgeting
47. Governments establish National Insurance Schemes in order to
- (A) prevent devaluation of a nation's currency
  - (B) provide benefits to employees after retirement
  - (C) provide benefits to employees in the event of unforeseen circumstances
  - (D) protect employees from victimization at the workplace
48. The responsibilities of government include the
- I. preservation of law and order
  - II. encouragement and promotion of investment
  - III. establishment of business enterprises
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III

GO ON TO THE NEXT PAGE

49. A government can protect consumers by
- I. enacting laws
  - II. publishing standards
  - III. prosecuting infringements
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
50. Government's deductions of part of workers' weekly or monthly salaries is called
- (A) income tax
  - (B) corporation tax
  - (C) capital gains tax
  - (D) value added tax
51. Which of the following can be classified as 'direct taxation'?
- I. Tariff
  - II. Sales tax
  - III. Land tax
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
52. A tax levied in excess of the standard rate on earned income is referred to as
- (A) surtax
  - (B) purchase tax
  - (C) corporation tax
  - (D) capital gains tax
53. Government can encourage business activity by
- (A) reducing taxes
  - (B) reducing grants
  - (C) reducing spending
  - (D) budgeting for surplus
54. A quota can BEST be described as a
- (A) tariff on extraregional goods
  - (B) ban on the sale of foreign goods
  - (C) restriction on the quantity of goods imported
  - (D) licence to import unlimited foreign goods
55. The Caribbean Development Bank functions PRIMARILY to
- (A) assist Caribbean territories in their economic development
  - (B) assist territories engaged in large manufacturing industries
  - (C) aid territories seeking to develop their tourist trade
  - (D) expand communications among the Caribbean territories
56. Which of the following are MAJOR economic problems facing many Caribbean countries today?
- I. High debt burden
  - II. High levels of unemployment
  - III. Lack of capital for investment
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III

57. The term 'economic dualism' defines an economy in which one sector
- (A) imports more goods and services than it exports
  - (B) exports more goods and services than it imports
  - (C) is technologically advanced while the other is technologically retarded
  - (D) is overpopulated while the other is underpopulated
58. Which of the following indices is the BEST measure of the economic growth of a country?
- (A) Population
  - (B) Level of exports
  - (C) Standard of living
  - (D) Gross domestic product
59. NAFTA is a region-wide trade agreement. Which of the following groups of countries are members of NAFTA?
- (A) Mexico, Canada and USA
  - (B) Caribbean, Canada, USA and Brazil
  - (C) Caribbean, Mexico, Canada and USA
  - (D) Caribbean, Canada, USA and the United Kingdom
60. Which of the following are the MAJOR arguments in favour of foreign investment?
- I. Reduction of local employment
  - II. Establishment of markets
  - III. Inflow of capital
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III

**END OF TEST**

**IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR  
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EXAMINATION**

**PRINCIPLES OF BUSINESS**

**SPECIMEN PAPER 2019**

Item No.	Syllabus Reference	Key
1	1.1	A
2	1.2	A
3	1.3	B
4	1.6	B
5	1.7	C
6	2.2	A
7	2.10	C
8	2.9	B
9	2.5	D
10	2.6	C
11	2.9	B
12	3.3	D
13	3.7	C
14	3.14	A
15	3.10	D
16	3.13	C
17	4.3	D
18	4.9	D
19	4.5	C
20	4.6	D
21	5.1	D
22	5.6	C
23	5.7	B
24	5.2	B
25	5.1	C
26	5.10	B
27	5.8	D
28	6.2	B
29	6.8	D
30	6.1	A

Item No.	Syllabus Reference	Key
31	6.6	B
32	6.9	D
33	6.11	A
34	6.9	A
35	7.6	D
36	7.1	A
37	7.8	D
38	7.2	A
39	7.7	D
40	7.4	B
41	8.2	B
42	8.2	A
43	8.3	C
44	8.1	A
45	8.2	D
46	8.5	D
47	8.3	C
48	9.1	A
49	9.2	D
50	9.4 (a)	A
51	9.4 (b)	B
52	9.4 (b)	A
53	9.3	C
54	9.2	C
55	10.11	A
56	10.13	D
57	10.13	C
58	10.1	D
59	10.5	A
60	10.15	C

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“\*” Barcode Area”\*”  
Front Page Bar Code

SPECIMEN

FILL IN ALL THE INFORMATION REQUESTED CLEARLY IN CAPITAL LETTERS.

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SUBJECT PRINCIPLES OF BUSINESS – Paper 02

PROFICIENCY GENERAL

REGISTRATION NUMBER

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SCHOOL/CENTRE NUMBER

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NAME OF SCHOOL/CENTRE

CANDIDATE’S FULL NAME (FIRST, MIDDLE, LAST)

DATE OF BIRTH

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SPEC 2019/01240020



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MAY/JUNE 2019

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CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION

PRINCIPLES OF BUSINESS

SPECIMEN PAPER

Paper 02 – General Proficiency

2 hours

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper comprises 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 before you start writing to read through the paper and plan your answers.
5. EACH question is worth 20 marks.
6. 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.**
7. **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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01240020/SPEC 2019

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**Answer ALL questions.**

**1.** Janice retired after working for 15 years as a loan officer at a commercial bank. She then 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 that Janice could 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) (i) List FOUR functions of a manager.

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(4 marks)

(ii) State THREE guidelines for establishing good relations between management and employees.

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(3 marks)

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- (b) (i) Identify THREE characteristics of a good leader.

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**(3 marks)**

- (ii) Differentiate between a 'participatory leadership style' and an 'autocratic leadership style'.

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**(4 marks)**

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(c) Explain TWO ways in which an organization can benefit from teamwork.

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(6 marks)

**Total 20 marks**

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3. (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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4. (a) Define the term 'contract'.

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(2 marks)

(b) Outline EACH of the following features of a contract:

(i) Offer and acceptance

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(2 marks)

(ii) Consideration

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(2 marks)

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(c) (i) Distinguish between a 'simple contract' and a 'specialty contract' and give ONE example of EACH type of contract.

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**(6 marks)**

(ii) State TWO ways in which contracts may be terminated.

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**(2 marks)**

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- (d) Explain TWO circumstances under which a contract might be rendered invalid. Use examples to support your answer.

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**Total 20 marks**

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5. (a) (i) Outline TWO ways in which governments can regulate business activity.

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(4 marks)

(ii) Describe TWO measures which governments can take to protect consumers.

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(4 marks)

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(b) Outline THREE ways in which citizens of a country can benefit from improved roads and transportation.

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- (c) Explain TWO ways in which government could improve the education sector in a country.

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Total 20 marks

END OF TEST

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**If you use this extra page, you MUST write the question number clearly in the box provided.**

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## CANDIDATE'S RECEIPT

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### INSTRUCTIONS TO CANDIDATE:

1. **Fill in all the information requested clearly in capital letters.**

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SUBJECT: \_\_\_\_\_

PROFICIENCY: \_\_\_\_\_

REGISTRATION NUMBER: 

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FULL NAME: \_\_\_\_\_  
**(BLOCK LETTERS )**

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

2. **Ensure that this slip is detached by the Supervisor or Invigilator and given to you when you hand in this booklet.**
3. **Keep it in a safe place until you have received your results.**
- 

### INSTRUCTION TO SUPERVISOR/INVIGILATOR:

Sign the declaration below, detach this slip and hand it to the candidate as his/her receipt for this booklet collected by you.

I hereby acknowledge receipt of the candidate's booklet for the examination stated above.

Signature: \_\_\_\_\_

Supervisor/Invigilator

Date: \_\_\_\_\_



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CARIBBEAN SECONDARY EDUCATION CERTIFICATE®  
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SPECIMEN

PRINCIPLES OF BUSINESS

PAPER 02

KEYS AND MARK SCHEME

SPECIMEN MAY/JUNE 2019

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 1

(a) (i) Entrepreneurship is defined as:

- Willingness to take risk in the business
- The art of identifying a need and establishing a venture to address that need
- Investing of one's resources to create a business

**For complete definition of term 2 marks**

**(2 marks)**

**For partial definition 1 mark**

(ii) Reasons why persons may start a business:

- To invest surplus money
- To create self-employment
- To satisfy a need in the community
- To utilize his/her expertise
- To be his/her own boss
- To realize a dream

**Any four reasons stated, 1 mark for each 4 × 1 mark**

**(4 marks)**

(b) Potential stakeholders:

- Managers
- Employees
- Bankers
- Government
- Owners
- Salespersons
- Customers
- General public
- Consultants
- Contractors

**Any four stakeholders identified, 1 mark for each 4 × 1 mark**

**(4 marks)**

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 1 cont'd

(c) Services that Janice could offer:

- Financial consulting to business and individuals who wish to start businesses
- Providing services to persons trying to create budgets for personal or business purposes
- Pawn shop providing short term cash advances to persons with collateral but no cash
- Business advising to persons and organizations attempting new ventures or in need of assistance with existing ventures
- Business Plan development for businesses and entrepreneurs
- Financial literacy training to students and programs aiming to encourage entrepreneurship
- Business facilitation services to investors both local and foreign
- Training new first time hires for banks

**Any two services described 2 marks each 2 × 2 marks (4 marks)**  
**Stating service 1 mark**

(d) Ways in which businesses can benefit the community

- Business pay taxes which are used by government to provide infrastructure, social and security services to the general population. **(1)** The larger the tax base the better the services provided by government. **(1)** Good corporate citizens will also collect taxes on behalf of their government helping to facilitate the process and collection of mandatory taxes, as well as, contribute to social programs in their community. **(1)**
- Businesses create employment in communities and provide access to services that aid in other business processes and economic development. **(1)** Through employing the residents of a community, businesses create economic activities **(1)** and alleviate some of the social burdens that government would single handedly have to bear. **(1)**
- Businesses sponsor many social programs and contribute to the development of the students and families in their communities. **(1)** Many contribute to education scholarships, sports, health care, churches, and entertainment in their communities. **(1)** These contributions are ways in which the businesses give back to their communities but are also key ways in which business share the burden of social services with their governments. **(1)**

**Any two benefits explained 3 marks each 3 × 2 marks (6 marks)**  
**Identifying benefit 1 mark**  
**Elaborating 2 marks**

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

**Total 20 marks**

Question 2

(a) (i) Functions of a manager:

- Planning
- Organizing
- Directing
- Controlling
- Delegating
- Motivating
- Negotiating
- Leading

**For listing any four functions; 1 mark each**

**(4 x 1) = (4 marks)**

(ii) Guidelines for establishing good management and employee relations

- Establishing clear lines of communication and chain of command
- Keeping employees informed about what is happening in the organization
- Supervisors should keep management informed about employees' concerns
- Ensuring employees understand their jobs and can respond appropriately
- Inform employees of management expectations in terms of performance and behaviour
- Adopting a style of leadership that makes employees feel that their inputs are important
- Providing opportunities for management and employees to socialize and get to understand each other's personalities and challenges

**For stating any three guideline; 1 mark each**

**(3 x 1) = (3 marks)**

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 2 cont'd

(b) (i) Characteristics of a good leader:

- Ability to stay focused under pressure
- Exercises flexibility when necessary
- Inspires workers to do their jobs
- Commands respect , trust, confidence of the employees
- Handles problems of workers effectively
- Makes intelligent decisions
- Delegates effectively
- Shows good judgment
- Gets the job done
- Takes the lead

**For identifying any three characteristics; 1 mark each**

**(3 x 1) = (3 marks)**

(ii) Differentiating between leadership styles:

- A participatory leader is democratic and involves workers in decision-making, **(1)** while an autocratic leader makes decisions without involving the workers **(1)**
- A participatory leader accepts ideas, suggestions and recommendations from workers at all levels thereby making workers feel like they have a say and that their input is important and valued. **(1)** An autocratic leader on the other hand, exerts a lot of control and does not always investigate incidents to the extent necessary **(1)**
- Unlike the autocratic leader, the participative leader does not believe that he/she must have full control of the entire decision making. **(1)** An autocratic leader survives by issuing threats and by instilling fear in workers. He/She gets persons to work through control and without attention given to workers points of view. **(1)**

**For clear differentiation; 2 marks each**

**For defining without differentiating, 1 mark each**

**(2 x 2) = (4 marks)**



PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 2 cont'd

(c) Ways in which organizations benefit from teamwork:

- Members of a team become knowledgeable about all aspects of the work and the results of their efforts. **(1)** This is a strength for the organization since the team can survive the loss of members without having to discontinue work or start all over **(1)**. Teamwork empowers members as well as improves the likelihood of success of initiatives and projects. Having teams work on projects provides for continuity in the carrying out of activities. **(1)**
- Teamwork leads to creative problem-solving, pooling of resources, ideas and expertise. **(1)** Organizations can benefit from improvement in quality of work and more motivated workers as a result of teamwork. **(1)** Because several members of the organization are involved, when they work as teams they are able to attain greater control over the tasks assigned. **(1)**

**For comprehensive explanation; 3 marks each**

**(3 x 2) = (6 marks)**

**Partial explanation; 1 - 2 marks each**

**Total 20 marks**

Question 3

(a) (i) Examples of market structures are:

- Perfect competition
- Monopoly
- Monopolistic competition
- Oligopoly

**For listing any three examples, 1 mark each (3 x 1)**

**(3 marks)**

(ii) Methods of retailing:

- Shops
- Department stores
- Mail order
- E-commerce/On-line
- Telemarketing
- Vending machines
- Personal selling

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

**For listing any three examples, 1 mark each (3 × 1)**

**(3 marks)**

Question 3 cont'd

- (b) Capital-intensive production refers to a method of production which uses more capital than other factors of production.

Labour-intensive production, on the other hand, refers to a method of production which uses more labour than other factors of production.

For distinguishing between concepts:

**Any distinguishing point about each concept: 2 marks each (2 × 2)**

**(4 marks)**

- (c) Purposes of branding:

- Product differentiation

To create a unique name, establish ownership and identify a product, thereby differentiating it from other products

- Company identity

To project the image and ideals of a company. Branding aims to make people associate a product with the company

- Stimulation of demand

To promote the sale of goods and services. By making people think of the name of a particular product when making purchases

**For outlining any two ways, 2 marks each (2 × 2)**

**(4 marks)**

**For listing ways 1 mark each**

- (d) Packaging

- Protection

By providing an outer wrapper or a container for goods, packaging serves as a means of protecting goods from breakage, spillage or contamination. Manufacturers and suppliers ensure that this purpose is served by using a form or type of packaging that is appropriate for the goods in question.

- Promotion

The attractiveness, colour and design of a package all assist in making the item contained therein appealing to customers. A package is

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

therefore a means of advertising a company's product and serves as a means of motivating or persuading customers to buy the product.

Question 3 cont'd

- Provision of customer information

A product's package provides a convenient way of providing details on the product. These include information on weight and ingredients, warnings and health information.

- Serving as a functional/keepsake container

For many manufacturers who are committed to recycling, it is important that a package can be reused. Packaging is therefore functional and practical in that it provides a customer with a container that can be used after consuming the item.

**For fully explaining 3 marks each (2 × 3)**

**(6 marks)**

**For partially explaining (1-2 marks each)**

**Total 20 marks**

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 4

- (a) A contract is a legally binding agreement **(1)** between two or more persons by which rights and obligations are created. **(1)**

**Definition (2 marks)**

**Full definition 2 marks**

**Partial definition 1 mark**

- (b) Features of a contract:

- (i) Offer and acceptance: An offer is a clearly communicated proposal by one party to enter into a contract and for a contract to exist. **(1)** This must be agreed to or accepted **(1)** by the other party.
- (ii) Consideration: This refers to what is exchanged **(1)** between the two parties to ensure that there is a legal obligation. In most cases, this represents the price paid **(1)** and must be lawful, real, possible and present **(1)**.

**For any two features fully outlined 2 marks each (4 marks)**

**Partial outline 1 mark each**

- (c) (i) A simple contract is an agreement entered into on a daily basis **(1)** which satisfies the conditions required for contracts **(1)**. It may be oral, written or implied (by conduct) **(1)**. A specialty contract, on the other hand, is written **(1)** and must be signed, sealed and delivered **(1)**. Specialty contracts are also referred to as contracts by deed **(1)** or contracts under seal **(1)**.

**For distinguishing between contracts (2 x 2) = (4 marks)**

**For full distinction 4 marks**

**For partial distinction 1 mark**

Examples of simple contracts:

- Purchase of goods
- Transportation
- Supply of services

**Any correct example of a simple contract (1 mark)**

Examples of specialty contracts:

- Mortgages
- Sale of land
- Insurance
- Hire purchase

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 4 cont'd

Any correct example of a specialty contract

**(1 mark)**

(ii) Ways of terminating contracts:

- Agreement
- Performance - Breach
- Frustration
- Lapse of time

**For listing any two ways; 1 mark each**

**(2 x 1) = (2 marks)**

(d) Circumstances under which a contract may be rendered invalid:

- In some cases, contracts may meet specified conditions, but contravene common law **(1)** and existing legislation **(1)**. For example, the agreement between a client and owner of a brothel whose services satisfy the basic elements of a contract for services will be deemed to be invalid since prostitution in most countries is an illegal act **(1)**.
- If it can be proven that one of the parties was subject to duress **(1)** when entering into contractual relations, the contract may be rendered invalid **(1)**. It is assumed that the parties to contracts are free moral agents **(1)** and are acting of their own free will **(1)**. Any contract entered into which can be shown to lack these conditions will be rendered invalid **(1)**.
- A contract which involves some action which contravenes society's values **(1)** or which goes against the 'public good' **(1)** would be deemed to be unenforceable and invalid **(1)**. In countries where the possession and use of marijuana is unlawful **(1)** attempting to bind a party to a contract to supply marijuana **(1)** would be thwarted and the contract deemed invalid **(1)**.

**Explaining any two circumstances, 3 marks each**

**(2 x 3) = (6 marks)**

**Identifying circumstance, 1 mark**

**Elaborating 2 marks**

**Total 20 marks**

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 5

(a) (i) Ways in which government can regulate business activity:

- Passing laws to protect the environment and persons who live in it. **(1)** They can do so by devising zoning laws to prevent firms from setting up commercial activities in residential areas. **(1)**
- Setting rules as to how firms should dispose of their waste **(1)** to avoid them becoming health hazards. **(1)**
- Insisting that stipulated guidelines on how to set prices **(1)** and apply a penalty for those businesses that do not comply. **(1)**
- Helping businesses to expand by giving them low interest loans. **(1)** Firms that qualify can use these funds to grow their businesses. **(1)**
- Requiring that firms protect the safety of their workers **(1)** by following occupational health and safety regulations. **(1)**
- Setting up schools to provide specialized training, for example, in tourism and transportation sectors where employers must send workers for training. **(1)** This will assist firms within these industries to get trained workers which will help to enhance the productivity of their business. **(1)**

**For any two ways fully outlined, 2 marks each 2 x 2 (4 marks)**

**For partial outline, 1 mark**

**(4 marks)**

(ii) Measures governments can take to protect consumers:

- Governments can make laws to provide a code of conduct for the operation of businesses **(1)**. This will ensure that businesses maintain the standards set out in the law **(1)**. This will ensure that orders governing business relationships are maintained.
- Governments can also require businesses to be licensed to conduct or sell certain products **(1)**. These licenses should be renewed after a number of years **(1)**.

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 5 cont'd

- Governments can set price controls **(1)** to ensure that merchants do not overcharge for their goods and services. **(1)** That basic food items are within the reach of consumers. **(1)**
- Governments can legally require certain businesses, especially those that sell food items to be regularly inspected **(1)** so that they are operating in harmony with health regulations **(1)**.
- Governments can also have in place bureaus of standards **(1)** to ensure compliance with packaging, weights and measures **(1)**.

**Describing two measures, 2 marks each**

**(2 x 2) = (4 marks)**

**Identifying measure, 1 mark**

**Elaborating, 1 mark**

(b) Ways in which citizens of a country can benefit from improved roads and transportation:

- Improved roads and transportation can result in increased output of goods and services **(1)** if firms are able to get their raw materials delivered to them on time. This means workers will be able to produce goods and services on time **(1)** resulting in filling orders on time and greater profitability for firms. **(1)**
- The improvement in roads and transportation can help to move workers to their jobs on time **(1)** which means they can give the required numbers of hours on the job this translates to greater profitability. **(1)**
- Better roads and transportation means firms can supply goods and services to consumers quicker and easier **(1)**. The more goods and services produced and sold **(1)**, the greater profits. **(1)**
- Better roads means less wear and tear on vehicles, so firms will not need to spend as much to repair vehicles **(1)** and therefore costs will be lower **(1)** and this could increase profits **(1)**

**Outlining three ways, 2 marks each**

**(3 x 2) = (6 marks)**

**Identifying ways, 1 mark**

**Elaborating, 1 mark**

PRINCIPLES OF BUSINESS  
PAPER 02  
KEY AND MARK SCHEME

Question 5 cont'd

- (c) Ways in which government could improve the education sector in a country:
- Increasing the number of schools and training institutions to prepare teachers and lecturers for the classroom **(1)**. Facilities should be located where students have easy, access. **(1)** The facilities should be properly outfitted with the equipment and other resources to enhance for students learning. **(1)**
  - Ensuring that these centres of learning are properly equipped to empower trainers to execute training **(1)** in a manner that they can pass on the necessary pedagogical and soft skills to teachers/instructors in training **(1)**. This would save time and energy in facilitating training **(1)**, enhancing learning and improving the human resources of the country **(1)**.
  - Setting as priority, the training of teachers/instructors/ lecturers to provide the highest quality instruction. **(1)** Government can subsidize the training **(1)** and bond them to work for a period of time within the country when they graduate **(1)**.
  - Monitoring and upgrading the curriculum used in the training of these teachers **(1)** so that they meet the needs of the country **(1)** as well as satisfy international standards **(1)**.

**For fully explaining two ways, 3 marks each**

**(2 x 3) = (6 marks)**

**Identifying ways, 1 mark**

**Elaborating, 2 marks**

**Total 20 marks**





TEST CODE **01240032**

**SPEC 2019/01240032**

**C A R I B B E A N E X A M I N A T I O N S C O U N C I L**

**CARRIBEAN SECONDARY EDUCATION CERTIFICATE®  
EXAMINATION**

**PRINCIPLES OF BUSINESS**

**SPECIMEN PAPER**

**Paper 032 – General Proficiency**

*1 hour 15 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. You **MUST** use this answer booklet when responding to the questions. For **EACH** question, write your answer in the space provided and return the answer booklet at the end of the examination.
2. Use the **CASE STUDY** to answer the questions.
3. Answer **ALL** questions.
4. Do **NOT** write in the margins
5. You are advised to take some time to read through the paper and plan your answer.
6. 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.
7. **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.**

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

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**INSTRUCTIONS:** The following case study contains information for a business plan. Read the case and answer the questions that follow.

**CASE STUDY**

Poplen Iron Works

**SECTION A**

Ford Poplen started his metal craft business two years ago in a shed at the back of his parent's home, located in a strictly residential community. He produces and sells a variety of metal furniture, grills and gates. However, handcrafted metal souvenir items are his unique designs. He is thinking of registering his business, but he has not been keeping proper accounting records. He decided to employ a part-time accountant to organize his finances and ensure that he is meeting his tax obligations. He will also employ a finisher and a painter. He had to relocate his business because his neighbours complained about the noise and constant smell of paint coming from the shed. The new location is in a commercial district where he pays a fixed amount which covers rent, utilities and the use of equipment.

Complete the following business plan using information from the case.

**OPERATIONAL PLAN**

1. Nature and Type of Business

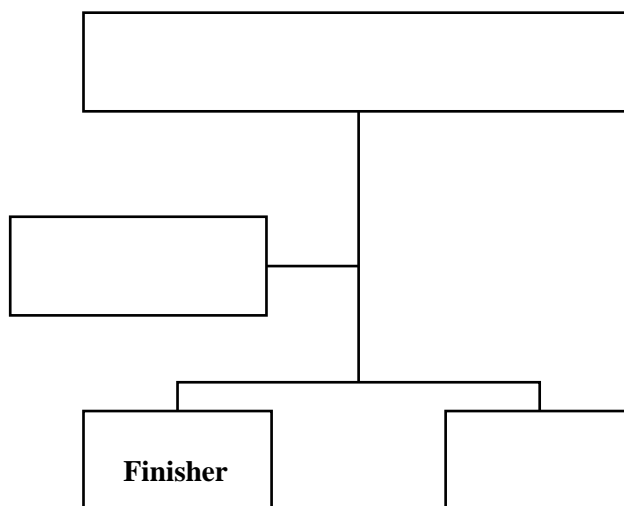
Identify the kind of business based on the type of ownership.

.....

**(1 mark)**

2. Internal Structure of the Organization

Complete the following organizational chart showing the structure of Poplen Iron Works.



**(3 marks)**

GO ON TO THE NEXT PAGE

3. Management Functions

(a) Cite ONE piece of evidence from the case to show how Ford Poplen demonstrated his responsibility to EACH of the following:

(i) Society

.....  
.....

**(1 mark)**

(ii) Government

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**(1 mark)**

(b) Describe how Ford Poplen has executed the management function of 'organizing'.

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**(2 marks)**

4. Ethical Issues

State TWO unethical business practices in which Poplen Iron Works was involved.

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**(2 marks)**

**Total 10 marks**

GO ON TO THE NEXT PAGE

**SECTION B**

Ford Poplen is happy that all his retail and wholesale customers are satisfied with the finish and durability of the products. He produces for the tourist market, but he was told by the president of the local Small Producers' Association that in order to succeed, he needed to have a more distinctive brand, one that would be linked to the country. He has been working on items for an art display to appeal to art dealers. He is not worried about competition from the four other craft producers because he is the only one who works with metals. He is presently using his private car to make deliveries and is hoping to buy a van that he can brand and use to pick up raw materials and make deliveries. He presently supplies only local customers but has set up a website to test the potential for exports.

**MARKETING PLAN**

**5. Marketing**

Outline TWO reasons why Poplen Iron Works may NOT be making as much sales as it could.

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**(4 marks)**

**6. Competition**

Identify TWO competitors of Poplen Iron Works.

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**(2 marks)**

**7. Outline TWO advantages that Poplen Iron Works is LIKELY to have over its competitors.**

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**(4 marks)**

GO ON TO THE NEXT PAGE

**8.** Target Market

Identify TWO groups of potential customers of Poplen Iron Works.

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**(2 marks)**

**9.** Promotional Strategies

Describe ONE promotional strategy that could help the firm to increase its sales.

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**(3 marks)**

**10.** Distribution Strategies

(a) State ONE way in which the firm can distribute its products to its market.

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**(1 mark)**

(b) Outline TWO advantages that Poplen Iron Works would derive from conducting market research.

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**(4 marks)**

**Total 20 marks**

**SECTION C**

The business appears to be doing well but it needs additional funding. The country is facing a recession and most of Ford Poplen’s clients are operators of flower and gift shops who require 30 days credit. Mr Poplen is badly in need of a loan to cover the purchase of raw materials to give him some ease while he waits on his debtors. He wants to attract customers who can pay immediately. If his business does well, he plans to employ more persons and may even venture into the export market. However, he is now realizing that loans from the credit union and his small savings are not enough to expand the business.

**FINANCIAL PLAN**

**11. Sources of Finance**

(a) Identify TWO sources, other than credit union and personal savings, from which Poplen may obtain capital to expand the business.

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**(2 marks)**

(b) State TWO reasons why Poplen Iron Works may need additional funding.

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**(2 marks)**

GO ON TO THE NEXT PAGE

**12. Government Regulations**

Outline ONE way in which Poplen Iron Works can contribute to the protection of the environment.

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**(2 marks)**

**13. Identify TWO government regulations to which Poplen Iron Works must adhere.**

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**(2 marks)**

**14. Executive Summary**

Write a summary which includes information from the three sections of the business plan.

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**(2 marks)**

**Total 10 marks**

**END OF TEST**

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



**EXTRA SPACE**

**If you use this extra page, you MUST write the question number clearly in the box provided.**

Question No.

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C A R I B B E A N E X A M I N A T I O N C O U N C I L

CARIBBEAN SECONDARY EDUCATION CERTIFICATE®  
EXAMINATION

SPECIMEN

PRINCIPLES OF BUSINESS

PAPER 032

KEYS AND MARK SCHEME

MAY/JUNE 2019

Principles of Business  
Paper 032  
Key and Mark Scheme

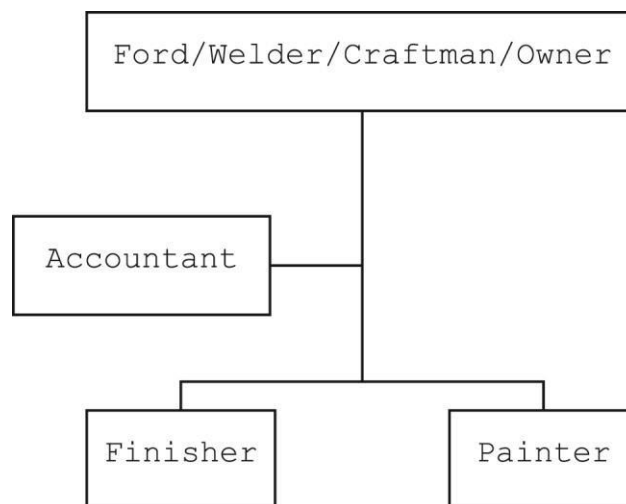
1. Type of business

Sole trader

**For identifying the type of business**

**(1 mark)**

2. Organizational chart showing the structure for Poplen Iron Works.



**For completing the chart - 1 mark for each correct position on each level  
(3 x 1) = (3 marks)**

Principles of Business  
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Key and Mark Scheme

3. Management Functions

(a) (i) How Ford Poplen demonstrate his responsibility to society

- To avoid air and noise pollution he has relocated his business to the commercial district.
- To avoid conducting business in a residential area he has chosen to relocate his business.

(ii) How Ford Poplen demonstrates his responsibility to government

- To satisfy government regulations with respect to tax obligations Ford Poplen has employed an accountant to organize his finances.
- To satisfy government regulation with respect to zoning he has removed his business from a residential area and placed it in a commercial district.

**For citing one piece of evidence for each, 1 mark each**

**(2 marks)**

(b) How Ford Poplen executed the management function of 'organizing'

- Organizing: He has employed two workers to help in different areas of production to reduce his workload so he can be involved in other areas of the business **(1)** as well as an accountant to organize his finances. **(1)**

**For describing how the management function was executed; 2 marks**

**(2 marks)**

4. Ethical Issues

Unethical business practices in which the firm was engaged

- Failing to maintain proper accounting for the business because this means the firm cannot report its costs and sales and therefore may not report correctly for taxation purposes. **(1)**
- Locating in a residential area, thus failing to observe zoning laws. **(1)**
- Polluting the environment: noise pollution and paint odour which can cause health issues. **(1)**

**For stating any two ethical issues; 1 mark each**

**(2 x1) = (2 marks)**

**10 Marks**

Principles of Business  
Paper 032  
Key and Mark Scheme

5. Reasons why the firm may not be making as much sales as it could

- The firm needs to increase the promotion of its products **(1)**. More promotion should lead to greater sales **(1)**.
- The firm needs to produce goods with a distinctive brand **(1)** to appeal to the tourist market. **(1)**
- The durability of the products **(1)** reduces the number of repeat buyers. **(1)**

**For outlining two reasons; 2 marks each**

**(2 x 2) = (4 marks)**

**Identifying reason 1 mark**

**Elaborating 1 mark**

6. Competitors of Poplen Iron Works

- Producers of grills and gates
- Other craft producers
- Gift shops

**For identifying any two competitors; 1 mark each**

**(2 x 1) = (2 marks)**

7. Advantages Poplen is LIKELY to have over his competitors

- Poplen produces a variety of products **(1)** and they could excel in the business by selling to a variety of markets. **(1)**
- Poplen's products are of a high quality **(1)** and therefore can hold its own against any competitors. **(1)**
- Poplen produces unique products **(1)** so will be able to appeal to persons who like unique and custom made items. **(1)**

**Outlining any two advantages, 2 marks each**

**(2 x 2) = (4 marks)**

**Identifying advantage 1 mark**

**Elaborating 1 mark**

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8. Groups of customers who are likely to purchase from Poplen
- Tourists
  - Owners of gift shops and flower shops
  - Metal art lovers
  - Persons wanting grills and gates, such as home owners and business persons

**For identifying any two target markets; 1 mark each**

**(2 x 1) = (2 marks)**

9. Promotional strategies that could help the firm to increase its sales
- The firm could promote sales by placing an advertisement on the van. **(1)** This would be inexpensive **(1)** and would acquaint persons about the firm and its products as the van drives around in the various communities in the area. **(1)**
  - The use of the Internet is another important way in which the firm can sell its products locally and internationally. **(1)** The initial costs of building the website may be high **(1)** but over time there will be savings as only maintenance of the site would be necessary. **(1)**
  - Fliers and business cards are also important in promoting the products offered by Poplen. **(1)** These are relatively inexpensive ways of promoting the products of the business and they can reach a relatively large cross section of the population. **(1)**

**For describing any one strategy**

**(3 x 1) = (3 marks)**

**Identifying strategy 1 mark**

**Elaborating 2 marks**

10. (a) Ways in which the firm can distribute its products to its market
- Retail stores break bulk and provide products at the point of need
  - Department stores may provide goods at lower prices than boutiques
  - E-commerce is a convenient way for firms to offer products to a wider market
  - Telemarketing allows firms to expand its market
  - Vending machines allow firms to sell products even when firms are closed
  - Direct sales allow firms to contact customers on a one to one basis

**For stating any one way of distributing products; 1 mark**

**(1 mark)**

Principles of Business  
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- (b) Advantages that will be derived by Poplen Iron works from conducting market research.
- o Market research facilitates planning by providing up-to-date and accurate information so that the firm can develop a strategic plan
  - o It will allow the firm to understand the customers and their needs and this assessment of the market allows them to better satisfy the needs of their customers
  - o The firm would be able to make less errors by eliminating wastage, thus saving money
  - o Through market research, the firm can use the findings to evaluate its selling methods
  - o A market research can be geared at assisting the firm to determine actual prices and price ranges
  - o By getting information from the target market about the product, the firm can make quality decisions to minimize risks
  - o Market research may improve communication and strengthen the business market position by facilitating quick decisions
  - o It allows the firm to predict how the business will meet market needs ensuring that the business is offering the right product at the right time for its customers

**Any two advantages outlined; 2 marks each**  
**For partial outline, 1 mark**

**(2 x 2) = (4 marks)**

**20 marks**

**11. (a) Sources of capital**

- Commercial banks
- Small business association

**Identify two sources; 1 mark each**

**(2 x 1) = (2 marks)**

(b) Reasons why Poplen Iron Works may need additional funding

- Additional funding would help the firm to expand its production capacity
- The firm would be able to enter new markets that were not possible before
- The firm would now have the financial ability to develop and market new products
- Additional funds would now be available to pay for the day to day running of all the business

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Key and Mark Scheme

- The firm would now be able to purchase inventory and therefore able to expand sales

**For stating any two reasons; 1 mark each**

**(2 x 1) = (2 marks)**

**12.** Ways in which Poplen Iron Works can contribute to the protection of the environment

- By utilizing green technology the firm will to be greatly contributing to deforestation
- If Poplen Iron Works properly disposes of its waste, the firm will contribute to a clean healthy environment
- If the firm adheres to zoning laws, the firm would be in compliance with government regulations
- The appropriate use of technology in production and disposal of waste will allow the firm to adhere to environmental regulations and less harmful effects on it
- By making products more environmentally friendly it will contribute to less harmful effects on the environment

**Outlining any one way 2 marks**

**(2 x 1) = (2 marks)**

**Identifying way 1 mark**

**Elaborating 1 mark**

**13.** Government regulations to which Poplen Iron Works must adhere

- The firm must keep proper accounting records and pay correct amount for taxes.
- The firm should observe zoning laws and set up the business only in commercial and manufacturing areas.
- The firm needs to register vehicles and ensure that they are road worthy.
- Poplen must pay workers fair wages and pay statutory deductions related to these wages to the government.

**For identifying any two regulations; 1 mark each**

**(2 x 1) = (2 marks)**



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Key and Mark Scheme

**14. Executive Summary**

Write a summary of the business including information from the three main sections of the business plan.

Poplen Iron Works is a sole trader business operating for two years, producing grills, gates and unique gifts and art items. While the firm seems to have the potential to succeed, it is strapped for cash because it is not marketing its products well, and keeping proper accounts which are necessary if the firm is to make better decisions. It has the potential to contribute to the growth and development of the economy primarily providing employment and using local raw materials and forming linkage. However it needs more financing to purchase raw materials, employ more workers and market its products.

**For writing including information from the three sections of the plan; 2 marks**

**For including information from one or two areas of the plan; 1 mark**

**(2 marks)**

**10 marks**



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