



**CARIBBEAN  
EXAMINATIONS  
COUNCIL**

**Caribbean Advanced  
Proficiency Examination®**

# **SYLLABUS**

# **MANAGEMENT OF BUSINESS**

CXC A24/U2/22

**Effective for examinations from May–June 2024**

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## NOTE TO TEACHERS AND LEARNERS

This document CXC A24/U2/22 replaces CXC A24/U2/12 issued in 2012.

Please note that the syllabus has been revised and amendments are indicated by italics.

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### PLEASE NOTE



This icon is used throughout the syllabus to represent key features which teachers and learners may find useful.

# Introduction

The Caribbean Advanced Proficiency Examination (**CAPE®**) is designed to provide certification of the academic, vocational and technical achievement of students in the Caribbean who, having completed a minimum of five years of secondary education, wish to further their studies. The examinations address the skills and knowledge acquired by students under a flexible and articulated system where subjects are organised in 1-Unit or 2-Unit courses with each Unit containing three Modules. Subjects examined under **CAPE®** may be studied concurrently or singly.

The Caribbean Examinations Council® (**CXC®**) offers three types of certification at the **CAPE®** level. The first is the award of a certificate showing each **CAPE®** Unit completed. The second is the **CAPE®** Diploma, awarded to candidates who have satisfactorily completed at least six Units, including Caribbean Studies. The third is the **CXC®** Associate Degree, awarded for the satisfactory completion of a prescribed cluster of *ten* **CAPE®** Units including Caribbean Studies, Communication Studies and Integrated Mathematics. Integrated Mathematics is not a requirement for the **CXC®** Associate Degree in Mathematics. The complete list of Associate Degrees may be found in the **CXC®** Associate Degree Handbook.

For the **CAPE®** Diploma and the **CXC®** Associate Degree, candidates must complete the cluster of required Units within a maximum period of five years. To be eligible for a **CXC®** Associate Degree, the educational institution presenting the candidates for the award, must select the Associate Degree of choice at the time of registration at the sitting (year) the candidates are expected to qualify for the award. Candidates will not be awarded an Associate Degree for which they were not registered.

# Management of Business Syllabus

## ♦ RATIONALE

The dynamic environment within which businesses operate today present both challenges and opportunities for business leaders. The growth in economic and social needs in most economies also constitutes another area of great challenge. As students proceed beyond the Caribbean Secondary Education Certificate (CSEC®) level, in pursuit of their career goals, they must be cognisant of the changing socio-economic climate, *technological changes and sustainability concerns* within which modern businesses operate.

Management of Business students must understand the principles that govern the human and operational interactions within a *technologically driven business environment* and must be aware of *the factors that influence and drive business decisions*. Moreover, it is imperative that students possess a comprehensive understanding of the markets in the region in addition to knowledge of the global marketplace.

The CAPE® Management of Business syllabus provides a good foundation for further study of Business and other related disciplines at the tertiary level. *It also provides opportunities for students to function in existing business organisations and as successful entrepreneurs. Students will acquire the requisite knowledge and understanding of management principles and concepts, sustainable business practices, and skills required to address managerial problems and the challenges faced by businesses.*

*Students are offered the opportunity to acquire a variety of experiences in the fundamentals of Business Management through the use of learner-centered teaching and assessment approaches. Additionally, the syllabus will inculcate the tenets of the Ideal Caribbean Person as articulated by the CARICOM Heads of Government. That is, an individual 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. Such a person will question the beliefs and practices of the past and present and bring this to bear on the innovative application of science and technology to problem solving, value teamwork, demonstrate independent and critical thinking and a strong appreciation of moral issues including responsibility for and accountability to self and community. Students are therefore encouraged to adopt appropriate and acceptable attitudes, values and ethical practices relating to business activities.* Moreover, in keeping with UNESCO pillars of learning, on completion of this course of study, students will learn to know, learn to do, learn to be, learn to live together and learn to transform themselves and society, having been exposed to the values implicit within human rights, and democratic principles among others.

## ♦ AIMS

The syllabus aims to:

1. develop an understanding of the integrated nature of business organisations and the *dynamic* environment in which they operate;

2. develop an awareness of how global issues impact the development *and strategic management* of *successful* organisations with special reference to the Caribbean;
3. provide basic information on principles, legal issues, and practices of modern management with special reference to the Caribbean;
4. *develop critical thinking skills necessary to pursue further studies and career development;*
5. develop an understanding of the importance of *the strategic* management of *organisations;*
6. *develop effective communication skills that support organisational success;*
7. develop, *interpret and present* numerical, graphical and verbal *data;*
8. *develop an appreciation of the value of utilising technologies in managing organisations;*
9. *provide opportunities to develop the knowledge, skills, aptitude and abilities* needed to become successful entrepreneurs *and small business owners or managers; and,*
10. develop attitudes, values, and ethical practices related to business *and good corporate citizenship.*

## ◆ SKILLS AND ABILITIES TO BE ASSESSED

The skills that students are expected to have developed on completion of this syllabus have been grouped under three main headings:

1. Knowledge and Comprehension;
2. Application *and Analysis;* and,
3. *Synthesis* and Evaluation.

### Knowledge and Comprehension

The ability to:

1. *define/recall the basic terms, concepts and principles in management of business; and,*
2. *demonstrate understanding of concepts, theories and the diverse managerial functions and roles commonly applied or used in the management of business.*

### Application and Analysis

The ability to:

1. *apply knowledge and understanding of facts, theories and concepts to problems and issues in a variety of familiar and unfamiliar business situations and contexts;*

2. *distinguish among various components of business and its environment; and,*
3. *analyse complex issues and situations and searching for causes, impact/consequences.*

### **Synthesis and Evaluation**

The ability to *address* business problems issues and situations by:

1. *evaluating complex issues and situations based on evidence, argument and discussion in order to make reasoned judgments, present measured conclusions and make recommendations for action and implementation; and,*
2. *using appropriate methods and techniques to create and logically present relevant solutions to problems.*

## **◆ STRUCTURE OF THE SYLLABUS**

The syllabus is divided into two (2) Units. Each Unit comprises three Modules. Each Module requires fifty (50) hours of instruction.

### **Unit 1: Management Principles and Processes**

Module 1	-	Business and its Environment
Module 2	-	The Management of People
Module 3	-	Business Finance <i>and Financial Decision-Making</i>

### **Unit 2: Application in Management**

Module 1	-	Production and Operations Management
Module 2	-	Fundamentals of Marketing
Module 3	-	Small Business Management



# ◆ UNIT 1: MANAGEMENT PRINCIPLES AND PROCESSES

## MODULE 1: BUSINESS AND ITS ENVIRONMENT

### GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the nature and scope of business and its role in society;
2. understand *the characteristics and relative advantages and disadvantages of various forms of legal business organisations*;
3. appreciate the importance of maintaining ethical standards in business practices;
4. appreciate the process of decision making and its impact on the environment;
5. develop an awareness of the impact of the external environment on business *operations*; and,
6. *understand the fundamentals of the strategic management process.*

### SPECIFIC OBJECTIVES

### CONTENT

Students should be able to:

#### Types of Economic Activity

1. distinguish among different types of economic activities;

Classification *and characteristics* of economic activities: primary; secondary; tertiary.

#### Economic Sectors and Legal Structures

2. compare the different types of business organisations based on economic sectors and legal structures;

Main features including ability to raise finance, appropriateness of legal structures, *challenges of changing from one legal structure to another, advantages and disadvantages of each type of structure.*

#### (a) Private Sector Organisations:

- (i) sole-trader;
- (ii) partnership;
- (iii) private limited company;
- (iv) public limited company;
- (v) co-operative enterprise;
- (vi) franchise; and,
- (vii) joint venture.

**UNIT 1**  
**MODULE 1: BUSINESS AND ITS ENVIRONMENT (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Economic Sectors and Legal Structures (cont'd)**

- (b) Public Sector Organisations:
  - (i) public corporations; and,
  - (ii) statutory boards.
- (c) Not for Profit Organisations:
  - (i) charities; and,
  - (ii) non-governmental organisations.
- (d) Privatisation and Nationalisation.

**Business Objectives**

3. *analyse the fundamentals of the strategic planning process;*

*The broad framework of issues involved in organizational strategic planning process will be addressed.*

- (a) *Mission and vision – Content and importance.*
- (b) *Core values – Definition, role and function.*
- (c) *Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis – Characteristics and importance.*
- (d) *SMART Business objectives – Nature, role and importance of strategic, tactical and operational objectives.*
- (e) *Strategies – Michael Porter's business strategy options (cost leadership, differentiation, focus).*

**UNIT 1**  
**MODULE 1: BUSINESS AND ITS ENVIRONMENT (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Business Ethics and Corporate Social Responsibility**

- |   |   |
|---|---|
| 4. <i>discuss the importance of organisational ethics and corporate social responsibility in setting business objectives;</i> | <ul style="list-style-type: none"> <li>(a) Importance of <i>organisational</i> ethics and integrity.</li> <li>(b) <i>Importance of corporate social responsibility (CSR).</i></li> <li>(c) Obligations to stakeholders.</li> <li>(d) <i>Principles of Good Corporate Governance to include:</i> <ul style="list-style-type: none"> <li>(i) <i>Board's responsibility; and,</i></li> <li>(ii) <i>accountability and transparency.</i></li> </ul> </li> <li>(e) <i>Sustainable business practices.</i></li> </ul> |
|---|---|

**Decision Making**

- |   |   |
|---|---|
| 5. <i>evaluate the process of decision-making in business organisations; and,</i> | <ul style="list-style-type: none"> <li>(a) Process of decision making:           <ul style="list-style-type: none"> <li>(i) concept of decision making;</li> <li>(ii) essential features of information for decision making – accuracy, timeliness, relevance, <i>clarity</i>; and,</li> <li>(iii) significance of Qualitative vs. Quantitative decision making.</li> </ul> </li> <li>(b) Stages of decision making (in relation to objectives):           <ul style="list-style-type: none"> <li>(i) definition of problem;</li> <li>(ii) data collection – importance and sources;</li> <li>(iii) analysis and evaluation;</li> </ul> </li> </ul> |
|---|---|

**UNIT 1**  
**MODULE 1: BUSINESS AND ITS ENVIRONMENT (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Decision Making (cont'd)**

- (iv) formulation of alternative strategies;
- (v) implementation; and,
- (vi) evaluation.
- (c) Factors affecting decision making:
  - (i) *internal factors to include:*
    - *human factors;*
    - *financial factors; and,*
    - *technological factors.*
  - (ii) *external factors to include:*
    - governmental, political and legal;
    - social and cultural;
    - technological;
    - economic (to include cost-effectiveness); and,
    - environmental sustainability.
- (d) *Decision tree analysis (construct and analyse simple decision trees).*

**Globalisation and the Caribbean**

- 6. evaluate the *role and impact* of globalisation on the Caribbean Society.

- (a) *Definition of globalisation.*
- (b) *Drivers of globalisation, to include:*
  - (i) *technology;*
  - (ii) *growth of multinationals;*

**UNIT 1**  
**MODULE 1: BUSINESS AND ITS ENVIRONMENT (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Globalisation and the Caribbean (cont'd)**

- (iii) *rise of economic trading blocs; and,*
- (iv) *integration of the global economy (improved relationships among governments).*
- (c) **Role of Caribbean Government:**
  - (i) *facilitating, enabling environment; and,*
  - (ii) *developing necessary legal framework.*
- (d) **Impact of globalisation:**
  - (i) *consumer behaviour:*
    - *choices, quality, rights and responsibilities;*
  - (ii) *domestic business:*
    - *competition, pricing policy, quality assurance, creativity and innovation, staffing, financial operations and emerging technologies;*
  - (iii) *trade liberalisation; and,*
  - (iv) *multinationals – advantages and disadvantages to both multinationals (local or foreign-based) and the Caribbean.*
- (e) *Business sustainability (economic, social and environmental) in the global economy.*

## UNIT 1

### MODULE 1: BUSINESS AND ITS ENVIRONMENT (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in Module 1, teachers are advised to engage students in the teaching and learning activities listed below. *Have students:*

1. *work collaboratively to conduct field investigations to determine growth or decline in different business sectors and integrate technology to creatively present their findings to the class;*
2. *create a class online space such as a blog, wiki or website to share information on various topics in the Module using various tools;*
3. *engage in class discussion on Porter's Business Level Strategies for competing in any industry;*
4. *engage in class discussions and debates on types of business organisations to recognise advantages and disadvantages of one business organisation over another;*
5. *listen to business news (both regional and international) and integrate technology to present the information to the class to sensitise students to local and regional developments;*
6. *collect articles on business news and share for in-class discussions, and post information or reflections in their journals (traditional or on-line) blogs, vlogs, discussion forum and other trending spaces created for the purpose);*
7. *collaborate to prepare short photo story/video/infographic about one or more of the topics covered in the Module and share with the class. Students may also post to a class online space;*
8. *participate in seminars, symposia or workshops in which resource personnel from different types of organisations are invited to share information on topics such as, the work of their organisations, the impact of various business organizations on the environment, issues of sustainable development, business ethics and the impact of globalization on consumer behaviour;*
9. *work collaboratively to complete an assigned group research project and creatively present the information to their classmates. Members of the class will use an agreed rubric to provide feedback to their peers on the presentation; and,*
10. *use case studies, simulation exercises, role plays, and video presentations to explore various concepts in the Module.*

Teachers and students may identify other activities that are more suitable to their own class settings.

## UNIT 1

### MODULE 2: THE MANAGEMENT OF PEOPLE

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. appreciate the importance of the application of management theories in the operation of business organisations;
2. *appreciate the importance of effective communication in business organisations;*
3. understand the roles and responsibilities of employers and employees within an organisation;
4. develop an awareness of the effects of human motivation on organisational effectiveness; and,
5. appreciate the broad formal framework *of human resource management*.

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

##### **The Theories and Functions of Management**

- |  |  |
|--|--|
| 1. assess the contributions of management theories to present day organisations; | <ul style="list-style-type: none"><li>(a) Evolution of Management theories (principles and contributions to modern day organisations):<ul style="list-style-type: none"><li>(i) Classical <i>and Scientific Theories</i> - F.W. Taylor, Henri Fayol, Max Weber;</li><li>(ii) Human Relations Model: Elton Mayo; <i>and</i>,</li><li>(iii) Systems Approach – open/closed/synergy/entropy.</li></ul></li><li>(b) Functions of Management (Definition and Application):<ul style="list-style-type: none"><li>(i) planning;</li><li>(ii) organising;</li><li>(iii) staffing;</li><li>(iv) leading; <i>and</i>,</li><li>(v) controlling.</li></ul></li></ul> |
|--|--|

**UNIT 1**  
**MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Organisational Structure**

- |   |   |
|---|---|
| <p>2. <i>evaluate</i> the <i>types and</i> features of the formal organisational structure;</p> | <p>(a) Classification of Organisational Structure – (Principles, Advantages and Disadvantages):</p> <ul style="list-style-type: none"> <li>(i) by function;</li> <li>(ii) by product;</li> <li>(iii) geographical market;</li> <li>(iv) matrix;</li> <li>(v) team;</li> <li>(vi) network; and,</li> <li>(vii) virtual.</li> </ul> <p>(b) <i>Features</i> of the Formal Organisational Structure:</p> <ul style="list-style-type: none"> <li>(i) hierarchy;</li> <li>(ii) chain of command;</li> <li>(iii) span of control;</li> <li>(iv) line and staff relationship;</li> <li>(v) responsibility;</li> <li>(vi) authority;</li> <li>(vii) accountability;</li> <li>(viii) delegation;</li> <li>(ix) centralisation; and,</li> <li>(x) decentralisation.</li> </ul> |
|---|---|



**UNIT 1**  
**MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Theory and Application of Motivation**

- |   |  |
|---|--|
| <p>3. <i>discuss the theories of motivation and their application to the management of people in organisations;</i></p> | <p>(a) Factors that stimulate and influence motivation: individual needs; self-motivation; ability to make choices; environmental opportunities.</p> <p>(b) Theories of motivation:</p> <p style="padding-left: 40px;">(i) <i>Content Theories – Maslow’s Hierarchy of Needs; Herzberg’s Hygiene Theory; and,</i></p> <p style="padding-left: 40px;">(ii) <i>Process Theory – Vroom’s Expectancy Theory.</i></p> <p>(c) <i>Implication of motivation theories to managers: getting the best out of individuals; appreciation of work and appropriate reward systems (financial and non-financial).</i></p> |
|---|--|

**Leadership**

- |  |  |
|--|--|
| <p>4. <i>differentiate among types of leadership theories, skills, and styles;</i></p> | <p>(a) Definition of leadership.</p> <p>(b) Leadership Theory: Trait Theory; (Hershey and Blanchard) Situational Theory; (Richard Barrett) Value-based Leadership; (Kasthuri Henry) Ethical Leadership.</p> <p>(c) Leadership skills including:</p> <p style="padding-left: 40px;">(i) communication;</p> <p style="padding-left: 40px;">(ii) <i>strategic thinking;</i></p> <p style="padding-left: 40px;">(iii) <i>emotional intelligence; and,</i></p> <p style="padding-left: 40px;">(iv) <i>decision-making, problem-solving and critical thinking.</i></p> |
|--|--|

**UNIT 1**  
**MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Leadership (cont'd)**

- (d) Leadership styles/*behaviours*:
  - (i) *transactional*; and,
  - (ii) *transformational*.
- (e) Informal leadership; its influence on the organisation:
  - (i) definition of informal leadership; and,
  - (ii) advantages and disadvantages of informal leadership.

***Effective Management of Teams***

5. *discuss the team formation process and the characteristics and importance of effective teams;*

- (a) Definition of teams.
- (b) *Tuckman's Stages of Team Development* (forming, storming, norming, performing, adjourning).
- (c) Characteristics of effective teams:
  - (i) commitment;
  - (ii) participation;
  - (iii) trust;
  - (iv) decision by consensus;
  - (v) flexibility;
  - (vi) encouragement; and,
  - (vii) support and growth.

**UNIT 1**  
**MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

***Effective Management of Teams (cont'd)***

- (d) Forces that influence *team* cohesiveness (including size, *team* goals, similarities, diversity, attraction).
- (e) Advantages and disadvantages of teams to the organisations.

***Managing Conflict in Organizations***

- 6. *evaluate the nature and management of conflict in organizations;*

- (a) *Definition and nature of conflict.*
- (b) *Possible causes of conflict:*
  - (i) *management style;*
  - (ii) *competition for scarce resources;*
  - (iii) *ineffective communication; and,*
  - (iv) *clash of personalities.*
- (c) *Strategies to manage conflict:*
  - (i) *avoidance;*
  - (ii) *smoothing;*
  - (iii) *compromise;*
  - (iv) *collaboration; and,*
  - (v) *confrontation.*

**Management of Change**

- 7. *justify the need to cope with and manage change in the organisation;*

- (a) Nature of change: technical, economic, demographic, social and legal.

**UNIT 1**  
**MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Management of Change (cont'd)**

- (b) *Reasons for resistance to change: fear of the unknown, climate of mistrust, disrupted habits, loss of control and confidence, inadequate training, redistribution of workload and lack of clarity of purpose, loss of power, ineffective communication, inadequate leadership support.*
- (c) The importance of coping with and managing change is missing.
- (d) Strategies to manage change: *Lewin's Model – Force Field Analysis.*

**Communication in Business**

- 8. assess the importance of effective communication in organisations; and,

- (a) *Definition of communication and diagrammatizing the Communication Process.*
- (b) Communication *methods* (including: oral, written, visual, non-verbal); Communication *channels* (including: Internet, e-mail, Intranet, facsimile, video conferencing).
- (c) *Definition of effective communication.*
- (d) Lines of Communication:
  - (i) formal channel – vertical and horizontal;
  - (ii) informal channel;
  - (iii) *advantages and disadvantages of formal and informal channels; and,*
  - (iv) the importance of effective communication.

**UNIT 1**  
**MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

**Communication in Business (cont'd)**

- (e) Barriers to effective communication:
  - (i) *sender stage barriers;*
  - (ii) *transmission stage barriers;*  
*and,*
  - (iii) *receiver stage barriers.*
- (f) Reducing barriers to communication:
  - (i) *sender stage barriers;*
  - (ii) *transmission stage barriers;*  
*and,*
  - (iii) *receiver stage barriers.*

**Human Resource Management**

- 9. evaluate the *strategic* importance of human resource management in organisations.

- (a) The *strategic* role of human resource management to organisational *success*.
- (b) *The impact of selected* functions of the human resources department – *definition, description and strategic importance of each of the following functions:*
  - (i) *recruitment and selection;*
  - (ii) *training and development:*
    - *training: induction, orientation and on-the-job/off-the-job; and,*
    - *development: coaching, counselling and mentoring.*
  - (iii) *performance management cycle: goal-setting, resource allocation, timelines, ongoing monitoring and appraisal.*

## UNIT 1

### MODULE 2: THE MANAGEMENT OF PEOPLE (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of Module 2, teachers are advised to engage students in the teaching and learning activities listed below. *Have students:*

1. *participate in lectures, tutorials and presentations by teachers and other resource persons with specialised knowledge of a wide range of content areas. Students will document the main points shared;*
2. *collaborate to conduct research on topics such as management theories and their impact on the management of organisations and integrate technology to creatively present the information to their classmates. Students may add the presentations to their class blog, wiki, or website;*
3. *work collaboratively to research the recruitment and selection or induction and orientation process implemented at a local business organisation. Students will share their findings in an in-class discussion;*
4. *work in teams to conduct role play or simulation exercises demonstrating conflict, leadership and or communication in a business. They should also demonstrate appropriate strategies/approaches for dealing with conflicts and for effective leadership and communication;*
5. *engage class in discussion on case studies on topics such as motivation, leadership, decision making and the importance of effective communication;*
6. *engage in role play or create songs, poems or integrate technology to demonstrate topics such as leadership, conflict, communication, and motivation;*
7. *collaborate to prepare short photo story/video/infographic about one or more of the topics covered in the Module and share with the class. Students may also post to a class online space;*
8. *reflect and express their thoughts and perceptions by maintenance of journals which are subsequently shared with peers;*
9. *engage in a team exercise (such as creating a factory using plasticine, craft material or macaroni). Students will be able to experience the stages of team development and evaluate the use of teamwork in organisations; and,*
10. *use the organisational chart of an existing business to demonstrate the key features such as span of control, chain of command and line and staff relationship.*

## UNIT 1

### MODULE 3: BUSINESS FINANCE AND FINANCIAL DECISION-MAKING

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the roles and functions of finance in the management of business with special reference to the Caribbean;
2. understand the impact of *financial decision-making* on overall *business performance*; and,
3. develop analytical and interpretational skills relating to problem solving in *financial decision making*.

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

##### The Need for Capital

- |    |   |     |                              |
|----|---|-----|------------------------------|
| 1. | explain the various need for <i>capital</i> ; | (a) | Start-up or venture capital. |
|    |   | (b) | Working capital.             |
|    |   | (c) | Investment capital.          |

##### Sources of Finance

- |    |  |     |   |
|----|--|-----|---|
| 2. | <i>evaluate</i> the main sources of finance; | (a) | Equity <i>financing</i> versus debt <i>financing</i> .                  |
|    |  | (b) | <i>Sources of equity financing</i> : capital and shares.                |
|    |  | (c) | <i>Sources of debt financing</i> : <i>loans</i> , debentures and bonds. |
|    |  | (d) | <i>Short-term sources</i> vs <i>Long-term sources</i> .                 |

##### Criteria for Seeking Finance

- |    |   |                  |   |
|----|---|------------------|---|
| 3. | explain the main criteria that businesses use when seeking financing; | <i>Criteria:</i> |   |
|    |   | (a)              | <i>cost</i> ;                                 |
|    |   | (b)              | <i>amount of capital needed</i> ;             |
|    |   | (c)              | <i>time frame (long-term vs short-term)</i> ; |
|    |   | (d)              | <i>risk</i> ; and,                            |
|    |   | (e)              | <i>control/ownership</i> .                    |

## UNIT 1

### MODULE 3: BUSINESS FINANCE AND FINANCIAL DECISION-MAKING (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### **The need for Accounting Information for Financial Decision Making**

- |   |   |
|---|---|
| 4. discuss the importance of accounting information for decision-making for both internal and external users; | (a) The Concept of Accounting information.                                    |
|   | (b) The importance of Accounting Information in the management of businesses. |
|   | (c) Users of Accounting Information:  |
|   | (i) internal stakeholders; and,   |
|   | (ii) external stakeholders.   |

#### **Components of Financial Statements**

- |   |   |
|---|---|
| 5. appraise the different components of financial statements; | Working knowledge of components of financial statements:  |
|   | (a) Income Statement: including sales, cost of sales, gross profit, net profit;   |
|   | (b) Balance Sheet: including fixed assets, current assets, current liabilities, fixed liabilities, owner's equity; and, |
|   | (c) Statement of Cash Flows.  |

***\*Students are not required to prepare financial statements.***

#### **Financial Statements Analysis**

- |  |   |
|--|---|
| 6. interpret key financial statements through the use of ratio analysis; | (a) Use of Accounting Ratios.                       |
|  | (b) Advantages and disadvantages of ratio analysis. |



## UNIT 1

### MODULE 3: BUSINESS FINANCE AND FINANCIAL DECISION-MAKING (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Financial Statements Analysis (cont'd)

- (c) Calculation and Interpretation of Types of Ratios:
  - (i) Liquidity Ratios (current and acid test ratio);
  - (ii) Profitability Ratios: (Gross Profit Margin; Net Profit Margin; Return on Capital Employed (ROCE);
  - (iii) Efficiency; Activity Ratios: (Stock Turnover Ratio; Debtor Day Ratio);
  - (iv) Gearing Ratio =  $\text{Debt} \div \text{Capital Employed}$ 
    - Debt = Long Term Debt; and,
    - $\text{Capital Employed} = \text{Fixed Assets} + \text{Current Assets} - \text{Current Liabilities}$ .
  - (v) Investors/shareholders Ratios: Dividend Yield and Earnings Per Share.

#### Budgets and Budgetary Control

- 7. *discuss the importance of budgeting;*
  - (a) *Definition of budgeting.*
  - (b) Importance of budgeting (usefulness and limitations).

## UNIT 1

### MODULE 3: BUSINESS FINANCE AND FINANCIAL DECISION-MAKING (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Budgets and Budgetary Control (cont'd)

- |   |  |
|---|--|
| 8. <i>demonstrate the ability to create a budget;</i>       | <ul style="list-style-type: none"><li>(a) <i>Steps in creating a budget, to include:</i><ul style="list-style-type: none"><li>(i) <i>goals;</i></li><li>(ii) <i>set timelines;</i></li><li>(iii) <i>ascertain income;</i></li><li>(iv) <i>list and prioritize expenditure; and,</i></li><li>(v) <i>verification.</i></li></ul></li><li>(b) <i>Creation of simple budgets including: cash, sales, production, materials, purchases, labour.</i></li></ul> |
| 9. <i>demonstrate the ability to analyse a budget; and,</i> | <p>Budgetary Control:</p> <ul style="list-style-type: none"><li>(a) <i>definition and explanation of variances; and,</i></li><li>(b) <i>simple variance analysis calculation.</i></li></ul>  |

#### Investment Appraisal

- |   |   |
|---|---|
| 10. <i>evaluate the various methods used by businesses in selecting the most appropriate investment option.</i> | <ul style="list-style-type: none"><li>(a) <i>Need for investment appraisal.</i></li><li>(b) <i>Analytical methods of appraisal:</i><ul style="list-style-type: none"><li>- <i>payback period: average rate of return, net present value (meaning, interpretation and simple calculations required).</i></li></ul></li><li>(c) <i>Comparisons of Methods of Appraisal.</i></li></ul> |
|---|---|

## UNIT 1

### MODULE 3: BUSINESS FINANCE AND FINANCIAL DECISION-MAKING (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of Module 3, teachers are advised to engage students in the teaching and learning activities listed below. Have students:

1. participate in lectures, tutorials and presentations by teachers and other resource persons with specialised knowledge of a wide range of content areas. *Students should document the main points;*
2. *work collaboratively to interpret published financial statements using ratio analysis. Each group could be asked to present their work to the class;*
3. *work collaboratively to analyse case studies to reinforce learning and provide opportunities for application of concepts. Their responses will be discussed in class;*
4. *work collaboratively to research established institutions to examine how different aspects of their financial operations are conducted. Information should be documented and shared in class;*
5. *work in small groups to present a simulation or role play on the factors to be considered in decision making, the importance of budgeting or any other topic covered in the Module;*
6. *access financial materials from various sources, for example, radio and television, podcasts, YouTube videos and publications of professional journals, for example, N.Y.S.E, Financial Times to share the information with the class and on their class online space;*
7. *participate in presentations by guest speakers from different firms or attend webinars on issues related to business finance, accounting and financial decision making. Students should document the main points;*
8. *participate in role play as members of a board to discuss the investment of a given capital, and choose from among some investment opportunities, bearing in mind the source of the capital, as well as the cost of the capital; and,*
9. *work in small groups to analyse case materials and prepare relevant budgets.*

#### RESOURCES

Barkarr, S.	<i>Management of Business, Unit 1, Caribbean Educational Publishers, 2008.</i>
Bahaw, P. and Ramkhelawan, J.	<i>Management of Business for Caribbean Students, Unit 1 and 2, Caribbean Educational Publishers, 2021.</i>
Cole, G. A. and Kelly, P.	<i>Management Practice of Theory, 7<sup>th</sup> Edition, Cengage Learning, 2011.</i>

## UNIT 1

### MODULE 3: BUSINESS FINANCE AND FINANCIAL DECISION-MAKING (cont'd)

Hall, D., Rob J. and Raffo, C.	<i>Business Studies</i> , Lancaster: Causeway Press Limited, 2010.
Pitterson, J.	<i>Management of Business for CAPE Examinations</i> , MacMillan Publisher, 2016.
Plunkett, W. R., et al	<i>Management: Meeting and Exceeding Customer Expectations 9<sup>th</sup> Edition</i> , South-Western College Publisher, 2016.
Singh, K.	<i>CAPE Management of Business Revision Guide</i> : HarperCollins Publishers Limited, 2016.
Stimpson, P. and Singh, K.	<i>Management of Business Unit I</i> , Cambridge University Press, 2009.

#### **Electronic Resources:**

<https://www.tutor2u.net/>

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

<https://quizizz.com/>

<https://www.quizalize.com/>

<https://edpuzzle.com/>

## ◆ UNIT 2: APPLICATIONS IN MANAGEMENT

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the operations involved in the production of goods and services;
2. develop an awareness of the importance of productivity and quality in production;
3. appreciate the importance of tools and techniques required for production and operations management; and,
4. be aware of the impact of the *internal and external* environment on the production and operations *management decisions*.

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

##### Nature of Production

1. describe the major decisions involved in the production process;

*General overview of production and operations management – Input-Conversion-Output Process:*

*(a) Input decisions:*

- (i) factors of production;*
- (ii) location of production;*
- (iii) forecasting; and,*
- (iv) quality assurance.*

*(b) Conversion decisions:*

- (i) production methods;*
- (ii) production layout;*
- (iii) capacity planning;*
- (iv) quality control;*
- (v) quality assurance; and,*
- (vi) productivity decisions.*

*(c) Output decisions:*

- (i) quality control;*
- (ii) inventory management; and,*
- (iii) distribution and logistics.*

## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

Students should be able to:

#### Forecasting Techniques

2. assess techniques involved in forecasting;

#### CONTENT

Forecasting techniques (*definition, description, advantages and disadvantages*):

- (a) Quantitative
  - (i) time series analysis; and,
  - (ii) consumer surveys.
- (b) Qualitative
  - (i) sales force composite;
  - (ii) Delphi method; and,
  - (iii) jury of experts.

#### Product Design Strategies

3. differentiate among the strategies involved in product design;

- (a) Modularisation.
- (b) Miniaturisation.
- (c) Integration.
- (d) Value analysis.
- (e) CAD – Computer Aided Design, CAM – Computer Aided Manufacturing (basic principles).

#### Production Methods

4. examine the various methods used in production;

Features, advantages and disadvantages of methods of production:

- (a) job;
- (b) batch; and,
- (c) flow.

## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Layout Strategies

5. examine various strategies used in production layout process;

*Definition, description, advantages and disadvantages of the following:*

- (a) *process layout;*
- (b) *production layout;*
- (c) *fixed position layout; and,*
- (d) *cellular layout.*

#### Capacity Planning

6. *discuss the concept of capacity planning;*

- (a) *Definition of capacity and capacity planning.*
- (b) *Importance of capacity utilisation.*
- (c) *Design capacity.*
- (d) *Efficiency capacity.*
- (e) *Calculation of capacity utilisation (simple calculations).*
- (f) *Methods of improving capacity utilisation.*
- (g) *Strategies to increase and reduce capacity.*
- (h) *Economies and diseconomies of scale.*

#### Costing

7. *evaluate the importance of costing in production;*

- (a) *Classification of Cost of Production (direct/indirect variable/fixed).*
- (b) *Approaches to costing/cost allocation (definition, advantages and disadvantages):*

## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Costing (cont'd)

- (i) absorption; and,
- (ii) contribution or marginal (including make or buy decisions).

(c) *Break-even analysis:*

- break-even point, (definition, uses, advantages and disadvantages, simple calculation of the following: BEP for Output and Sales, Contribution Margin Sales for a desired Profit, Output for a desired profit and Margin of safety).

8. *create production costing statements and break-even charts;*

(a) *Preparation of absorption costing and contribution/marginal costing statements.*

(b) *Construction of break-even charts.*

#### Inventory Management:

9. *examine the concept and practice of inventory management;*

(a) *Classification and Importance of managing inventory (stock).*

(b) *Inventory (stock) control management:*

- (i) *reorder level (construct and interpret simple diagram);*
- (ii) *EOQ (Simple calculations); and,*
- (iii) *just in time.*



## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Lean Production and Quality Management

10. *apply the principles of lean production and quality management to the management of production and operations;*
- (a) Lean Production (link between inventory management, quality and capacity and employee roles).
  - (b) Importance of *managing* quality.
  - (c) Dimensions of quality:
    - (i) performance;
    - (ii) features;
    - (iii) reliability;
    - (iv) conformance;
    - (v) durability;
    - (vi) serviceability;
    - (vii) aesthetics; and,
    - (viii) perceived quality.
  - (d) Techniques for improving quality including:
    - (i) benchmarking;
    - (ii) ISO Quality Standards;
    - (iii) outsourcing;
    - (iv) quality circles;
    - (v) *quality assurance*;
    - (vi) *quality control*;
    - (vii) *Total Quality Management (TQM)* including Kaizen or continuous improvement; and,
    - (viii) *SERVQUAL*.

## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Productivity

- |   |   |
|---|---|
| 11. <i>evaluate the methods of measuring and improving productivity; and,</i> | <ul style="list-style-type: none"><li>(a) Definition, types and formula.</li><li>(b) <i>Methods of measuring productivity (including labour and machinery, with relevant calculations).</i></li><li>(c) Factors that impact productivity including: (technology, training, market demand, competition, quality of labour supply, level of pricing).</li><li>(d) <i>Strategies for improving productivity.</i></li></ul> |
|---|---|

#### Project Management (students are required to prepare and interpret diagrams of models)

- |   |   |
|---|---|
| 12. <i>assess the importance and application of project management.</i> | <ul style="list-style-type: none"><li>(a) <i>Definition and description of Project Management.</i></li><li>(b) <i>Key dimensions of Project Management (cost, quality and time).</i></li><li>(c) <i>Phases of Project Management (the project life cycle).</i></li><li>(d) <i>Network analysis (<b>activity on arrow method</b>) - Critical path method (CPM) (construction of simple network diagrams).</i></li><li>(e) <i>Challenges faced in managing a project.</i></li></ul> |
|---|---|

**NB (Students are required to prepare and interpret diagrams of the CPM model)**

## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives of Module 1, teachers are advised to engage students in the teaching and learning activities listed below. *Have students:*

1. *use examples of product based and service-based organizations to relate the input – conversion – output process and discuss the major decisions that organizations are required to make at each stage of the process;*
2. *acquire annual sales statistics for any organization and place them in random order. Then ask students to place randomized sales statistics for an organization in a time series starting from the oldest to most recent. Then participate in a class discussion on any trends that are identified and illustrate how this information can be used to assist with sales forecasts for future time periods;*
3. *use an example of a technology-based product such as a cell phone, to discuss the various product design strategies that were used by the manufacturers and the advantages of the strategies;*
4. *use an example of a simple retail food business to illustrate the concept of capacity based on the amount of lunches the business can produce in a day. Then apply this to a scenario such as increased demand or a special order to discuss strategies to improve capacity utilization and strategies to increase or reduce capacity;*
5. *analyse a scenario of a simple small business and list the costs the business must incur, then categorise those costs into direct versus indirect costs and fixed versus variable costs. They will then use a suggested price for a product to illustrate the concept of break-even analysis both graphically and by calculation;*
6. *participate in research, class debates and panel discussions on topical issues related to production and operations management. Have them document critical learning outcomes to be shared in class or on the class online space;*
7. *conduct experiential activities related to production and operations management. Use the school cafeteria as an example of a business to introduce the concept of inventory, the importance of managing inventory and methods which can be used to manage inventory;*
8. *create podcasts, video presentations and graphics or select relevant YouTube videos on different topics to be shared in their class online space;*
9. *attend a popular school or suitable community event such as a graduation or sports day or concert and work collaboratively to explore the concept of project management. They should identify the challenges/issues which occurred during the event and then illustrate how the tools and techniques of project management could be used to address those challenges. They should creatively integrate technology to share their findings with their classmates;*

## UNIT 2

### MODULE 1: PRODUCTION AND OPERATIONS MANAGEMENT (cont'd)

10. participate in lectures, tutorials and presentations by teachers and other resource persons with specialised knowledge of a wide range of content areas;
11. *view 'How it's made' videos on YouTube to observe and analyse production methods used in creating a variety of products; and,*
12. *work in teams to engage in the production of one or more products, applying the concepts of production and operations learnt in this Module. Students should use a checklist to evaluate the quality of the products.*

## UNIT 2

### MODULE 2: FUNDAMENTALS OF MARKETING

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. understand the role and importance of marketing;
2. develop an awareness of the impact of external *environmental* forces on marketing *practice*; and,
3. *demonstrate an understanding of the principles of marketing management.*

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

##### The Concept of Marketing

- |   |                                      |
|---|--------------------------------------|
| 1. <i>explain the term marketing and its related terms;</i> | (a) <i>Definition of marketing.</i>  |
|   | (b) Related <i>marketing terms</i> : |
|   | (i) markets;                         |
|   | (ii) value added; and,               |
|   | (iii) exchange transactions.         |

##### Implications of Different Marketing Concepts

- |   |                                     |
|---|-------------------------------------|
| 2. assess the implications of various marketing concepts; | (a) The product concept.            |
|   | (b) The production concept.         |
|   | (c) The selling concept.            |
|   | (d) The <i>marketing</i> concept.   |
|   | (e) The societal marketing concept. |

##### The Marketing Environment

- |   |   |
|---|---|
| 3. <i>assess the influence of the marketing environment on the firm's marketing strategy decisions;</i> | (a) Composition of the Marketing Environment:                   |
|   | (i) <i>internal environment; and,</i>                           |
|   | (ii) <i>external environment - micro and macro environment.</i> |

## UNIT 2

### MODULE 2: FUNDAMENTALS OF MARKETING (cont'd)

#### SPECIFIC OBJECTIVES

Students should be able to:

#### The Marketing Environment (cont'd)

#### CONTENT

- (b) *Forces in the internal environment – application of the Porter's value chain analysis model.*
- (c) *Forces in the micro-environment – application of Porter's Five Forces analysis.*
- (d) *Forces in the macro-environment – application of PESTLE framework.*
- (e) *Consumer buying behaviour:*
  - (i) *the buying process; and,*
  - (ii) *factors influencing buying behaviour.*

#### Marketing Research

4. *explain the elements of the marketing research process;*

- (a) Role and importance of market research.
- (b) Importance of developing a research plan.
- (c) Describe the stages of Market Research:
  - (i) management problem identification;
  - (ii) research objectives;
  - (iii) sources of data – primary, secondary;
  - (iv) sampling – probability and non-probability;
  - (v) research techniques – focus groups, surveys, in-depth interviews; observation; and,

## UNIT 2

### MODULE 2: FUNDAMENTALS OF MARKETING (cont'd)

#### SPECIFIC OBJECTIVES

Students should be able to:

#### Marketing Research (cont'd)

#### CONTENT

(vi) analysis and presentation of results.

(d) Limitations of Market Research.

#### Principles of Market Segmentation

5. assess the principles of *Segmenting, Targeting and Positioning (STP) marketing*;

(a) Segmentation:

(i) importance of market segmentation.

(ii) bases of segmentation for consumer markets:

- demographic;
- *psychographic*;
- geographic; and,
- behavioural.

(b) Targeting:

(i) importance of targeting;

(ii) targeting options:

- *niche*;
- *multi-segment*; and,
- *mass market*.

(c) Positioning:

(i) importance of positioning;

(ii) points of parity and points of difference with competitors; and,

(iii) interpretation of simple positioning maps.

## UNIT 2

### MODULE 2: FUNDAMENTALS OF MARKETING (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
<b>Product Management</b>	
6. <i>evaluate</i> the principles of product management;	<ul style="list-style-type: none"> <li>(a) The concept of product – core, formal or actual, augmented.</li> <li>(b) Dimensions of the product mix.</li> <li>(c) Product line and product extension.</li> <li>(d) New product development process.</li> <li>(e) Product life cycle.</li> <li>(f) Branding and packaging.</li> <li>(g) Characteristics of services compared to goods.</li> </ul>
<b>Pricing Decision</b>	
7. <i>evaluate</i> various pricing strategies;	<ul style="list-style-type: none"> <li>(a) Introduction to Pricing – definition, role and importance.</li> <li>(b) Factors influencing pricing decisions (<i>Organisational, Market and Customer</i>).</li> <li>(c) Pricing strategies, including: <ul style="list-style-type: none"> <li>(i) cost plus pricing;</li> <li>(ii) competition pricing;</li> <li>(iii) <i>penetration pricing; and,</i></li> <li>(iv) <i>price skimming.</i></li> </ul> </li> </ul>



## UNIT 2

### MODULE 2: FUNDAMENTALS OF MARKETING (cont'd)

SPECIFIC OBJECTIVES	CONTENT
Students should be able to:	
<b>Distribution Management</b>	
8. discuss the major <i>considerations</i> of distribution <i>management</i> ;	<ul style="list-style-type: none"> <li>(a) Role of distribution in an organisation.</li> <li>(b) Factors influencing distribution decisions.</li> <li>(c) Types of distribution channels (including direct, indirect).</li> <li>(d) Types of distribution strategies (intensive, selective, exclusive).</li> <li>(e) Introduction to logistics strategy.</li> </ul>
<b>Promotion Strategy</b>	
9. examine the major tools of promotion and their implications; and,	<ul style="list-style-type: none"> <li>(a) Objectives of promotion.</li> <li>(b) Tools of promotion and their relative advantages: <ul style="list-style-type: none"> <li>(i) advertising;</li> <li>(ii) personal selling;</li> <li>(iii) sales promotion;</li> <li>(iv) <i>public relations</i>; and,</li> <li>(v) <i>direct marketing</i>.</li> </ul> </li> </ul>
<b>Digital Marketing</b>	
10. discuss the influence of technology on marketing decisions.	<ul style="list-style-type: none"> <li>(a) Definition of digital marketing.</li> <li>(b) Strategies used in digital marketing, (for example social media marketing).</li> <li>(c) Benefits and challenges of digital marketing.</li> </ul>

## UNIT 2

### MODULE 2: FUNDAMENTALS OF MARKETING (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in Module 2, teachers are advised to engage students in the teaching and learning activities listed below. *Have students:*

1. engage in simulated case studies and group projects related to marketing;
2. participate in a panel discussion on marketing issues conducted by external resource persons. *Students will document the main points;*
3. *work collaboratively to use primary and secondary sources to investigate the impact of digital technologies on marketing decisions. They will integrate technology to creatively present their findings to the class, and post it on their class's virtual space;*
4. *participate in role play as members of the board of a business, to discuss the strategy of pricing to be used by the organization, taking into consideration the micro and macro environments. Students will collate the main points to create an infographic, poster or podcast on the topic;*
5. *work in small groups to create a flyer, podcast, song, jingle or movie/video to share tips or considerations for effective marketing of a business or product. These should be presented in class and shared in the group's virtual space;*
6. *discuss the advantages and disadvantages of the major tools of promotion. Select one tool or a combination of tools, and create an elevator pitch to promote a business;*
7. *develop a brand and package for a product and provide justification for their creation;*
8. *work in small groups to investigate the packaging strategies implemented by a business and assess the extent to which it promotes sustainability; and,*
9. *work in small groups to analyse an advertisement to determine its effectiveness. Students will then develop alternative versions of the advertisement reflecting improvements to enhance its effectiveness.*

## UNIT 2

### MODULE 3: SMALL BUSINESS MANAGEMENT

#### GENERAL OBJECTIVES

On completion of this Module, students should:

1. *appreciate the difference between entrepreneurship and small business management; and,*
2. *develop an awareness of the characteristics of small business management.*

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### **The Nature and Characteristics of Entrepreneurship vs *Small Business Management***

- |  |   |
|--|---|
| 1. <i>discuss the nature of entrepreneurship vs small business management;</i> | <ul style="list-style-type: none"><li>(a) <i>Distinction between Entrepreneurship and Small Business Management.</i></li><li>(b) <i>Entrepreneurship vs Intrapreneurship.</i></li><li>(c) <i>Social Entrepreneurship.</i></li><li>(d) <i>Characteristics of successful entrepreneurs and small business owners.</i></li></ul> |
|--|---|

#### **Size and Growth of *Small Businesses***

- |  |  |
|--|--|
| 2. <i>assess the criteria for measuring size and growth of small businesses;</i> | Criteria for measuring size and growth: <ul style="list-style-type: none"><li>(a) <i>output;</i></li><li>(b) <i>annual turnover;</i></li><li>(c) <i>size of labour force; and,</i></li><li>(d) <i>capital structure.</i></li></ul> |
|--|--|

#### **Major *Strengths and Weaknesses, Opportunities and Challenges* faced by Small Businesses**

- |  |   |
|--|---|
| 3. <i>assess the strengths and weaknesses, opportunities and challenges faced by small businesses;</i> | <ul style="list-style-type: none"><li>(a) <i>Internal Strengths and Weaknesses:</i><ul style="list-style-type: none"><li>(i) <i>size and financial requirements;</i></li><li>(ii) <i>economies/diseconomies of scale;</i></li></ul></li></ul> |
|--|---|

**UNIT 2**  
**MODULE 3: SMALL BUSINESS MANAGEMENT (cont'd)**

**SPECIFIC OBJECTIVES**

**CONTENT**

Students should be able to:

***Major Strengths and Weaknesses, Opportunities and Challenges faced by Small Businesses (cont'd)***

- (iii) strategies for growth;
- (iv) management and control;
- (v) record keeping;
- (vi) working capital deficiencies;  
and,
- (vii) management competencies.

***(b) External Opportunities and Challenges:***

- (i) identifying successful business opportunities;
- (ii) sourcing capital (finance);
- (iii) selection of business types (sole trader, partnership, company);
- (iv) determining a location;
- (v) globalisation and trade liberalisation;
- (vi) e-commerce;
- (vii) intellectual property; and,
- (viii) regulation and legislation.

**Types and Nature of Assistance Available to Small Firms**

- |   |   |
|---|---|
| <p>4. describe the types of assistance agencies offer to small businesses; and,</p> | <p>(a) Agencies that Assist Small Businesses:</p> <ul style="list-style-type: none"> <li>(i) governmental agencies;</li> <li>(ii) non-governmental agencies; and,</li> <li>(iii) financial institutions.</li> </ul> |
|---|---|

## UNIT 2

### MODULE 3: SMALL BUSINESS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Types and Nature of Assistance Available to Small Firms (cont'd)

- (b) Types of Assistance Offered to Small Businesses:
  - (i) financial;
  - (ii) technical;
  - (iii) education and training; and,
  - (iv) *incubation*.

#### Preparation of a Business Plan for a Small Business

- 5. develop a business plan.
  - (a) Definition of a Business Plan.
  - (b) *Sections of a Business Plan:*
    - (i) executive summary;
    - (ii) *business description:*
      - legal establishment history; and,
      - start-up plans.
    - (iii) *business environment analysis:*
      - target market;
      - customer needs; and,
      - location.
    - (iv) *industry background; and,*
    - (v) *competitor analysis:*
      - who are your competitors.

## UNIT 2

### MODULE 3: SMALL BUSINESS MANAGEMENT (cont'd)

#### SPECIFIC OBJECTIVES

#### CONTENT

Students should be able to:

#### Preparation of a Business Plan for a Small Business

- (vi) *market analysis*:
  - customer needs;
  - where they are; *and*,
  - how to reach them.
- (vii) *marketing plan*:
  - pricing strategy;
  - promotion strategy; *and*,
  - distribution strategy.
- (viii) *operations plan*:
  - cost of production; *and*,
  - machinery.
- (ix) *managerial summary*:
  - management personnel; *and*,
  - staffing.
- (x) *financial plan*:
  - profit and loss;
  - cash flows;
  - break-even analysis;
  - source of funds;
  - business ratios; *and*,
  - assumptions.
- (c) Benefits and challenges of preparing business plans.

## UNIT 2

### MODULE 3: SMALL BUSINESS MANAGEMENT (cont'd)

#### Suggested Teaching and Learning Activities

To facilitate students' attainment of the objectives in Module 3, teachers are advised to engage students in the teaching and learning activities listed below. *Have students:*

1. *use two examples of businesses, to highlight the concept of innovation, and then discuss major social issues occurring in the local environment and entrepreneurs who have established ventures to assist in addressing such issues;*
2. *establish and operate a small traditional or virtual store to sell items used by students in the school, involving the steps of: ordering, banking, inventory, cost and sales analysis and marketing;*
3. *use the scenario of a local example of an entrepreneurial venture which has experienced growth and ask students to discuss various criteria which can be used to measure such growth;*
4. *work collaboratively to develop a business plan and discuss the importance of each section. Using a standardized rubric, students will engage in a peer review of another group's business plan and provide feedback;*
5. *work in small groups to create a flyer, podcast, song, jingle or movie/video to share tips or considerations for effective management of a small business. These should be presented in class and shared in the group's virtual space;*
6. *work in groups to conduct research on a local entrepreneur to evaluate internal strengths and weaknesses and external opportunities and challenges faced in operating the venture and to recommend strategies to mitigate the challenges; and,*
7. *work in groups to conduct research to identify local agencies which provide assistance to address the challenges faced by small businesses.*

#### RESOURCES

Bahaw, P. and Ramkhelawan, J.	<i>Management of Business for Caribbean Students, Unit 1 and 2, Caribbean Educational Publishers, 2021.</i>
Birchall, J. and Morris, G.	<i>Business Studies, Surrey: United Kingdom: Nelson Thornes Ltd, 1999.</i>
Kotler, P. and Armstrong, G.	<i>Principles of Marketing, 17<sup>th</sup> Edition, Pearson, 2018.</i>
Good, Walter R., et al.	<i>Building Your Dream: A Guide to Starting Your Own Business, 11<sup>th</sup> edition, Toronto: McGraw Hill, 2021.</i>

## UNIT 2

### MODULE 3: SMALL BUSINESS MANAGEMENT (cont'd)

- Hall, D., Jones, R. and Raffo, C. *Business Studies*, 4<sup>th</sup> edition, Lancaster: Causeway Press Limited, 2008.
- Hammond, S. *Business Studies*, United Kingdom: Longman Group Ltd., 1994.
- Hanson, W. *Principles of Internet Marketing: South-Western College Publishing*, 2000.
- Pitterson, J. *Management of Business for CAPE Examinations*, MacMillan Publisher, 2016.
- Singh, K. *CAPE Management of Business Revision Guide*, HarperCollins Publishers Limited, 2016.

#### **Electronic Resources:**

<https://www.tutor2u.net/>

<https://www.investopedia.com/>

<https://www.quizalize.com/>

<https://edpuzzle.com/>



## ◆ OUTLINE OF ASSESSMENT

Each Unit of the syllabus will be assessed separately. The same scheme of assessment will be applied to each Module in each Unit. Grades will be awarded independently for each Unit.

The Assessment will comprise two components, one external component and one internal. Candidates must complete the School-Based Assessment for the first Unit that they write. Candidates may carry forward the School-Based Assessment mark from the first Unit written to the second Unit (irrespective of the mark earned), or opt to complete the School-Based Assessment for the second Unit as well.

### EXTERNAL ASSESSMENT FOR EACH UNIT

(80 per cent)

<b>Paper 01</b> (1 hour 15 minutes)	This paper consists of forty-five (45) multiple-choice items. There are fifteen (15) items on each Module.	30 per cent
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<b>Paper 02</b> (2 hours 30 minutes)	This paper consists of three (3) compulsory questions, each corresponding to a Module in the Unit.	50 per cent
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### SCHOOL-BASED ASSESSMENT FOR EACH UNIT

(20 per cent)

#### Paper 031

*The School-Based Assessment for each Unit is compulsory. It will comprise a research paper not exceeding 1,500 words, based on a topic covered in any Module(s) of the Unit being assessed. The School-Based Assessment for each Unit requires that candidates undertake a project which must demonstrate their skills in research, analysis, evaluation and presentation of information. The project is to be assessed by the teacher using assessment criteria provided by CXC®.*

Candidates who, in the same year, register for both Units of **CAPE®** Management of Business may opt to:

- (a) submit a separate School-Based Assessment assignment for each Unit; or
- (b) submit a single School-Based Assessment assignment from either Unit 01 or Unit 02. *The score is then transferred to the other unit in order to satisfy the compulsory SBA requirement. This option will need to be taken upon registration for the subject.*

Candidates who opt for (b) must indicate from which Unit the School-Based Assessment assignment was selected.

#### Paper 032

Private candidates are required to write an Alternative Paper – Paper 032. *The Paper will be based on a case study and will consist of three compulsory questions. It will test skills in research, analysis, evaluation and presentation, similar to those assessed in the School-Based Assessment (Paper 031).* Details are on page 54.

## MODERATION OF SCHOOL-BASED ASSESSMENT

School-Based Assessment Record Sheets are available online via the **CXC**®'s website [www.cxc.org](http://www.cxc.org).

All School-Based Assessment Record of marks must be submitted online using the SBA data capture module of the Online Registration System (ORS). Assignments will be requested by **CXC**® for moderation purposes. These assignments will be re-assessed by **CXC**® Examiners who moderate the School-Based Assessment. Teachers' marks may be adjusted as a result of moderation. The Examiners' comments will be sent to schools. All *assignments* must be submitted *online via the ORS* by the stipulated deadlines.

Copies of the students' assignment must be retained by the school until three months after publication by **CXC**® of the examination results.

## ASSESSMENT DETAILS

### External Assessment by Written Papers (80 per cent of Total Assessment)

#### Paper 01 (1 hour 15 minutes – 30 per cent of Total Assessment)

##### 1. Numbers of Questions

This paper will consist of 45 multiple-choice questions. There will be 15 questions from each Module. All questions are compulsory.

##### 2. Syllabus Coverage

- (a) Knowledge of the entire syllabus is required.
- (b) The intention of this paper is to test candidates' knowledge across the breadth of the syllabus.

##### 3. Mark Allocation

- (a) One mark will be assigned for each question.
- (b) The total number of marks available for this paper is 45, *weighted to 90 marks*.
- (c) This paper contributes 30 per cent towards the final assessment.

##### 4. Use of Calculators

Candidates may use silent non-programmable calculators.

#### Paper 02 (2 hours 30 minutes – 50 per cent of Total Assessment)

##### 1. Composition of Paper

- (a) This paper will consist of three (3) *compulsory structured* or extended response questions.

- (b) There will be one question on each Module.
- (c) Candidates are required to attempt ALL three questions.
- (d) The total number of marks available for the paper is 75.
- (e) This paper contributes 50 per cent towards the final assessment.

## 2. Syllabus Coverage

- (a) Each question requires a greater depth of understanding than those questions in Paper 01.
- (b) The purpose of this paper is to test candidates' in-depth knowledge of the syllabus.

## 3. Question Type

Questions require an extended response involving reasoning, analysis and synthesis.

## 4. Mark Allocation

Each question is worth 25 marks, *weighted to 50 marks*.

## 5. Award of Marks

Marks will be awarded for:

- (a) clear logical reasoning;
- (b) evidence of ability to analyse a problem step by step and to apply principles and practices, skills and knowledge to reach a logical conclusion;
- (c) evidence of problem-solving ability; and,
- (d) evidence of the ability to synthesise *and evaluate* information.

Full marks will be awarded when candidates meet all criteria.

## SCHOOL-BASED ASSESSMENT

### The Project – Paper 031- 20 per cent of Total Assessment

School-Based Assessment is an integral part of student assessment in the course of study 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 linked to the syllabus and should form part of the learning activities to enable the student to achieve the objectives of the syllabus. *Students are encouraged to work in groups to complete the SBA.*

During the course of study for the subject, students obtain marks for the competence they develop and demonstrate in undertaking their School-Based Assessment 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 selecting assignments that are valid for the purpose of School-Based Assessment. The guidelines provided for the assessment of the 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 teachers are consistent with the **CXC**<sup>®</sup> standards, the Council undertakes the moderation of the School-Based Assessment assignments marked by each teacher.

*School-Based Assessment provide the opportunity to individualise a part of the curriculum to meet the needs of the students. It facilitates feedback to the students at various stages of the experience. This helps to build the self-confidence of the students as they proceed with their studies. School-Based Assessment also facilitates the development of the critical skills and abilities emphasised by this **CAPE**<sup>®</sup> subject and enhances the validity of the examination on which the students' performance is reported. The School-Based Assessment, therefore, makes a significant and unique contribution to both the development of the relevant skills and the assessing and rewarding of the student.*

## Presentation of Project

### 1. The aims of the project are to:

- (a) promote self/*group*-learning;
- (b) allow teachers the opportunity to engage in the formative assessment of their students;
- (c) allow students to enhance their understanding of the nature of business organisations through local studies;
- (d) allow students to display evidence of careful observation and originality in their work;
- (e) allow students to analyse business information gathered and make practical decisions; and,
- (f) explore more fully, some areas of the Unit which may not be assessed adequately in an external examination.

### 2. Requirements

- (a) Students must choose an *organisation* on which they would do their research project *either individually or in groups*. **Group size must not exceed four (4) persons and groups may submit one project or individual projects.** The project should afford students the opportunity to pursue areas of personal interest based on a topic covered in any Module(s) of the Unit being assessed. **The project must be quantitative research.** *Students may use primary and/ or secondary sources of data in completing their SBA.*
- (b) *Primary sources of data may include questionnaires, interviews and observations. Secondary sources of data may include documents such as academic, professional and trade journals, government papers, fact-based reports, and documentation on the firm studied.*

### 3. Management of the Project

- (a) An early start to planning project work is highly recommended.
- (b) Each candidate should know the requirements of the project and its assessment procedures, as part of the orientation to the Unit.
- (c) Teachers should guide the candidates in choosing appropriate projects that relate to the candidates' interest and the specific objectives identified.
- (d) A schedule of the dates for submitting project work (agreed by teachers and candidates) should be established.
- (e) A teacher should offer guidance in the data collection process and the preparation of the report.

### 4. Project Reports

A candidate's project **must** be presented *electronically*. *The cover page should display the title of the project, centre number, candidate's /candidates' number(s), name(s), name of subject and the unit, teacher's name and the year of examination.* The project document should comprise:

- (a) Title *page*;
- (b) Table of Contents;
- (c) *Introduction*;
- (d) *Literature Review*;
- (e) *Methodology*;
- (f) *Presentation of Data*;
- (g) *Analysis of Data*;
- (h) *Interpretation of Results*;
- (i) Conclusions and Recommendations; and,
- (j) References and Citations.

**The report, not exceeding 1500 words, (excluding cover page, title page, table of contents, diagrams and tables, references and appendices) should be typed double-spaced (font size 12, Times New Roman, Calibri or Arial).**

### Skills to be Assessed

1. Knowledge and Understanding: candidate's ability to demonstrate knowledge and understanding of the objectives being assessed in the Module.
2. Application: candidate's ability to collect, classify and communicate information.
3. Analysis: candidate's ability to distinguish relationships among components of the business environment.
4. Evaluation and Reasoned Judgement: candidate's ability to interpret, make judgement and recommendations appropriate to the business under investigation.
5. Presentation: candidate's ability to present the report using, where necessary, relevant charts, tables and graphs.

### MARK ALLOCATION FOR THE SCHOOL-BASED ASSESSMENT

1.	Introduction	7
2.	Literature Review	8
3.	Methodology	7
4.	Presentation of Data	11
5(a)	Analysis of Data	3
5(b)	Interpretation of Results	6
6.	Conclusions and Recommendations	6
7.	Communication of information in a logical way using correct grammar	5
8.	References and Citations	3
9.	Overall Presentation of Report	4
	<b>Total</b>	<b>60</b>

DETAILED MARK SCHEME FOR THE SCHOOL-BASED ASSESSMENT		
		MARKS
1.	<p><b>Introduction</b></p> <p>Background of the project</p> <ul style="list-style-type: none"> <li>Background should provide information about the <i>organisation that is relevant</i> to the research topic               <ul style="list-style-type: none"> <li><i>background is fully relevant to the topic (2 marks)</i></li> <li><i>background is not fully relevant to the topic (1 mark)</i></li> </ul> </li> <li><i>Justification for the topic shows how the project will contribute to a better understanding of business principles</i> <ul style="list-style-type: none"> <li><i>importance or benefit of the study to the researcher(s) (1 mark)</i></li> <li><i>importance OR benefit of the study to the organisation being investigated (1 mark)</i></li> </ul> </li> </ul> <p><i>Aim and Objectives of the project</i></p> <ul style="list-style-type: none"> <li><i>Aim is concise and gives clear direction to the project (1 mark)</i></li> <li><i>Two SMART objectives related to the aim (2 marks)</i></li> </ul>	<p><b>[7 marks]</b></p> <p>2</p> <p>2</p> <p>3</p>
2.	<p><b>Literature Review</b></p> <ul style="list-style-type: none"> <li>Literature review is derived from <i>two relevant and reliable</i> academic sources</li> <li>Provides understanding and insights into the <b>key</b> concepts being studied               <ul style="list-style-type: none"> <li><i>provides accurate definition of the <b>key</b> concepts being studies (2 marks)</i></li> <li><i>provides vague/insufficient/inadequate definition of <b>key</b> concepts being studied (1 mark)</i></li> </ul> </li> <li>Literature review provides a thorough treatment of <i>academic works related to the research objectives</i> <ul style="list-style-type: none"> <li><i>the discussion of the academic works fully addresses issues/proposals/recommendations/observations/findings related to two research objectives (4 marks)</i></li> <li><i>the discussion of the academic works fully addresses issues/proposals/recommendations/observations/findings related to one research objective and partially addresses the other (3 marks)</i></li> <li><i>the discussion of the academic works fully addresses issues/proposals/recommendations/observations/findings related to only one research objective (2 marks)</i></li> <li><i>discussion of the academic works partially addresses issues/proposals/recommendations/observations/findings related to two research objectives (2 marks)</i></li> <li><i>the discussion of the academic works partially addresses issues/proposals/recommendations/observations/findings related to one research objective (1 mark)</i></li> </ul> </li> </ul>	<p><b>[8 marks]</b></p> <p>2</p> <p>2</p> <p>4</p>

# DETAILED MARK SCHEME FOR THE SCHOOL-BASED ASSESSMENT

		MARKS
3.	<b>Methodology</b> <ul style="list-style-type: none"> <li>Research <i>approach/design</i> identified <ul style="list-style-type: none"> <li>identification of <i>approach/design</i> (examples include: quantitative, descriptive, case study, observation, survey) (1 mark)</li> </ul> </li> <li>Research <i>approach/design</i> justified <ul style="list-style-type: none"> <li>justification of <i>approach/design</i> using TWO relevant reasons/explanations (2 marks)</li> <li>justification of <i>approach/design</i> using ONE relevant reason/explanation (1 mark)</li> </ul> </li> <li>Research <i>methodology</i> <ul style="list-style-type: none"> <li>describes ALL the following: data collection procedure, sample or data source, data collection instrument(s) (3 marks)</li> <li>describes TWO of the following: data collection procedure, sample or data source, data collection instrument(s) (2 marks)</li> <li>describes ONE of the following: data collection procedure, sample or data source, data collection instrument(s) (1 mark)</li> </ul> </li> <li>Research <i>Instrument</i> <ul style="list-style-type: none"> <li>a copy of the data collection instrument(s) is provided in the appendices (where secondary sources are used a screen shot of the identification page from the data source should be placed in the appendices) (1 mark)</li> </ul> </li> </ul>	<b>[7 marks]</b>  1  2  3  1
4.	<b>Presentation of Data</b> <ul style="list-style-type: none"> <li>Data presented is relevant to the <i>objectives</i> of the project <ul style="list-style-type: none"> <li>data presented addresses all the issues related to both objectives (4 marks, 2 marks per objective)</li> <li>data presented addresses all the issues related to one and most related to the other objective (3 marks)</li> <li>data presented addresses most of the issues related to both objectives (2 marks)</li> <li>data presented addresses some of the issues related to one objective (1 mark)</li> </ul> </li> <li>Data is accurate <ul style="list-style-type: none"> <li>ALL calculations and/or inputs to the tables/graphs/charts are correct (2 marks per objective)</li> <li>most calculations and/or inputs to the tables/graphs/charts are correct (1 mark per objective)</li> </ul> </li> <li>Data presented in appropriately <i>labelled</i> tables, charts and graphs <ul style="list-style-type: none"> <li>use of THREE different data presentation formats appropriately labelled (3 marks)</li> <li>use of THREE different data presentation formats inappropriately labelled (2 marks)</li> <li>use of ONE or TWO different data presentation formats (1 mark)</li> </ul> </li> </ul>	<b>[11 marks]</b>  4  4  3



# DETAILED MARK SCHEME FOR THE SCHOOL-BASED ASSESSMENT

		MARKS
5a.	<b>Analysis of Data</b> <ul style="list-style-type: none"> <li>Data are summarized accurately using descriptive statistics <ul style="list-style-type: none"> <li><i>data accurately summarised for at least THREE of the data presentation formats (3 marks)</i></li> <li><i>data accurately summarised for TWO of the data presentation formats (2 marks)</i></li> <li><i>data accurately summarised for only ONE of the data presentation formats (1 mark)</i></li> </ul> </li> </ul> <p><u>Note:</u></p> <ol style="list-style-type: none"> <li><i>Suggested data summary statements may include percentages, fractions, mean, mode, median, standard deviation, data items in extremes, similarities, dissimilarities.</i></li> <li><i>Students cannot be awarded the mark for merely repeating any data that is already given in the table.</i></li> </ol>	<b>[3 marks]</b>  3
5b.	<b>Interpretation of Results</b> <ul style="list-style-type: none"> <li><i>Explanation of the results of the study presented in Section 5(a) above</i> <ul style="list-style-type: none"> <li><i>THREE explanation points (3marks)</i></li> <li><i>TWO explanation points (2 marks)</i></li> <li><i>ONE explanation point (1 mark)</i></li> </ul> </li> </ul> <p><u>Note:</u></p> <p><i>The explanation should give some <b>possible reasons for or implications</b> of the results of the study. An appropriate explanatory statement may be “the results show that the sales staff had a higher motivation score than the production staff. The reason for this could be that the sales staff received bonuses while the production staff had a fixed salary rate”.</i></p> <ul style="list-style-type: none"> <li><i>Comparison of the results with issues previously discussed in the Literature review in Section 2</i> <ul style="list-style-type: none"> <li><i>comparison of results incorporates at least three issues raised in the literature review (3 marks)</i></li> <li><i>comparison of results incorporates at least two issues raised in the literature review (2 marks)</i></li> <li><i>comparison of results incorporates at least one issue raised in the literature review (1 mark)</i></li> </ul> </li> </ul>	<b>[6 marks]</b>  3        3

DETAILED MARK SCHEME FOR THE SCHOOL-BASED ASSESSMENT		
		MARKS
6.	<b>Conclusions and Recommendations</b> <ul style="list-style-type: none"> <li>Conclusions are logical and based on findings <ul style="list-style-type: none"> <li><i>TWO conclusions based on the findings (2 marks)</i></li> </ul> </li> <li>Recommendations are realistic and informed by findings <ul style="list-style-type: none"> <li><i>TWO recommendations of either: solutions to the problem found in the research OR suggestions of ways to improve or enhance what is being done (2 marks)</i></li> </ul> </li> <li>Guidelines for implementing the recommendations <ul style="list-style-type: none"> <li><i>ONE suggestion for implementing the recommendation (1 mark)</i></li> <li><i>ONE benefit for implementing the recommendation (1 mark)</i></li> </ul> </li> </ul>	<b>[6 marks]</b>  2  2  2
7.	<b>Communication of information in a logical way using correct grammar</b> <ul style="list-style-type: none"> <li>Consistently used correct spelling</li> <li>Consistently used correct grammar <ul style="list-style-type: none"> <li><i>correctly used grammar all/most of the time (2 marks)</i></li> <li><i>correct use of grammar some of the time (1 mark)</i></li> </ul> </li> <li>Expression of ideas clear, concise and coherent <ul style="list-style-type: none"> <li><i>candidate expresses ideas clearly/concisely (1 mark)</i></li> <li><i>candidate's ideas flow in a logical sequence (1 mark)</i></li> </ul> </li> </ul>	<b>[5 marks]</b>  1  2  2
8.	<b>References and Citations</b> <ul style="list-style-type: none"> <li>Acknowledges sources throughout the project (<i>citation must be correctly done</i>)</li> <li><i>References</i> for publications written in alphabetical order and include names of authors, publishers, and dates of publication. The <i>APA format should be used.</i></li> <li><i>References</i> for internet sites include <i>title of article</i>, address of website, names of authors or organization. The <i>APA format should be used.</i></li> </ul>	<b>[3 marks]</b>  1  1  1
9.	<b>Overall Presentation of Report</b> <ul style="list-style-type: none"> <li>Report is within the recommended word limit of 1500 words excluding cover page, title page, table of contents, diagrams and tables, references, appendices  (<i>Note: 10 per cent of the score awarded will be deducted for exceeding the word limit</i>)</li> <li>Layout of the report follows correct format (1 mark), includes a table of contents (1 mark) and cover page with relevant information (1 mark).</li> </ul>	<b>[4 marks]</b>  1  3
	<b>TOTAL</b>	<b>60 marks</b>

**Unit 1 and Unit 2**

**1. Number of Questions**

This Paper is based on a case study. The paper consists of **three compulsory** questions. The three questions may be divided into parts.

**2. Skills to be Assessed**

*The paper tests skills in research, analysis, evaluation and presentation, similar to those assessed in the School-Based Assessment (Paper 031).*

- |    |   |  |
|----|---|--|
| 1. | <i>Knowledge and Understanding:</i>       | <i>candidate's ability to demonstrate knowledge and understanding of the objectives being assessed in the Module.</i>        |
| 2. | <i>Application:</i>                       | <i>candidate's ability to collect, classify and communicate information.</i>   |
| 3. | <i>Analysis:</i>                          | <i>candidate's ability to distinguish relationships among components of the business environment.</i>                        |
| 4. | <i>Evaluation and Reasoned Judgement:</i> | <i>candidate's ability to interpret, make judgement and recommendations appropriate to the business under investigation.</i> |
| 5. | <i>Presentation:</i>                      | <i>candidate's ability to present the report using, where necessary, relevant charts, tables and graphs.</i>                 |

**5. Question Type**

*Candidates will be required to respond to a case with issues that are likely to occur in the operation of a business.*

Each question requires candidates to respond either in the form of an extended essay or a short paragraph.

*Candidates would be expected to:*

- (a) formulate aims and SMART objectives;*
- (b) apply relevant considerations in the preparation of a literature review focusing on issues such as; purpose, sources, citations, paraphrasing information versus using direct quotes, writing in the third person;*
- (c) create a research design, methodology and procedures:*

- (i) *identification of approach/design, (for example, quantitative, descriptive, observation study, survey);*
- (ii) *sample (for example, size and characteristics, description, location, department);*
- (iii) *sampling techniques (for example, random, convenience, purposive);*
- (iv) *design of data collection instruments, (for example, questionnaire, observation schedule, checklist, interview schedule); and,*
- (v) *data collection methods.*
- (d) *present data in tables or charts/graphs;*
- (e) *discuss, analyse and interpret data relevant to the research objectives;*
- (f) *draw conclusions and make recommendations based on the case; and,*
- (g) *write appropriate reference list using the APA format.*

## 6. Mark Allocation

The paper is worth 60 marks (20 marks per question) and *contributes 20 per cent towards the final assessment. **The marks for questions 1, 2 and 3 will be allocated to Module 1, 2 and 3 respectively.***

## 7. Award of Marks

Marks are awarded for *content*, expression and organisation.

## TOPICS FOR PAPER 032

*The topics for the examination years for the **Paper 032** for Unit 1 and Unit 2 for the years 2024-2036 are listed below. The following identifies the examination year and the topics to be investigated.*

## MANAGEMENT OF BUSINESS

### UNIT 1 — PAPER 032 TABLE OF SPECIFICATIONS 2024-2036

YEAR	Module	Objectives	Content
2024	1	4	<i>Discuss the importance of organisational ethics and corporate social responsibility in setting business objectives.</i>
2025	1	5	<i>Evaluate the process of decision-making in business organisations.</i>
2026	3	2	<i>Evaluate the main sources of finance.</i>
2027	2	8	<i>Assess the importance of effective communication in organisations.</i>
2028	3	4	<i>Discuss the importance of accounting information for decision-making for both internal and external users.</i>
2029	2	7	<i>Justify the need to cope with and manage change in the organisation.</i>
2030	1	2	<i>Compare the different types of business organisations based on economic sectors and legal structures.</i>
2031	1	6	<i>Evaluate the role and impact of globalisation on the Caribbean Society.</i>
2032	2	3	<i>Discuss the theories of motivation and their application to the management of people in organisations.</i>
2033	3	6	<i>Interpret key financial statements through the use of ratio analysis.</i>
2034	1	3	<i>Analyse the fundamentals of the strategic planning process.</i>
2035	2	9	<i>Evaluate the strategic importance of human resource management in organisations.</i>
2036	3	7	<i>Discuss the importance of budgeting.</i>

# MANAGEMENT OF BUSINESS

## UNIT 2 — PAPER 032 TABLE OF SPECIFICATIONS 2024-2036

YEAR	Module	Objectives	Content
2024	1	4	<i>Examine the various methods used in production.</i>
2025	2	3	<i>Assess the influence of the marketing environment on the firm's marketing strategy decisions.</i>
2026	2	7	<i>Evaluate various pricing strategies.</i>
2027	3	2	<i>Assess the criteria for measuring size and growth of small businesses.</i>
2028	1	9	<i>Examine the concept and practice of inventory management.</i>
2029	2	5	<i>Assess the principles of Segmenting, Targeting and Positioning (STP) marketing.</i>
2030	1	7	<i>Evaluate the importance of costing in production.</i>
2031	3	3	<i>Assess the strengths and weaknesses, opportunities and challenges faced by small businesses.</i>
2032	2	8	<i>Discuss the major considerations of distribution management.</i>
2033	1	10	<i>Apply the principles of lean production and quality management to the management of production and operations.</i>
2034	3	5	<i>Develop a business plan.</i>
2035	1	11	<i>Evaluate the methods of measuring and improving productivity.</i>
2036	2	10	<i>Discuss the influence of technology on marketing decisions.</i>

**NB** K/C – Knowledge/Comprehension    A/A – Application/Analysis    S/E – Synthesis/Evaluation

## ◆ REGULATIONS FOR PRIVATE CANDIDATES

Private candidates will be required to write Papers 01, 02 and Paper 032 *the Alternative to the SBA*. Candidates entered for the examination through private institutions recognized by the Council will be required to complete all the requirements of the syllabus.



## ◆ REGULATIONS FOR RESIT CANDIDATES

**CAPE®** candidates may reuse any moderated SBA score within a two-year period. In order to assist candidates in making decisions about whether or not to reuse a moderated SBA score, the Council will continue to indicate on the preliminary results if a candidate's moderated SBA score is less than 50 per cent in a particular Unit. Candidates re-using SBA scores should register as "Re-sit candidates" and must provide the previous candidate number when registering.



## ◆ ASSESSMENT GRID

The Assessment Grid for each Unit showing marks assigned to each paper and to each Module, and the percentage contribution of each paper to the total scores.

Papers	Module 1	Module 2	Module 3	Total	(%)
<b>External Assessment</b>					
Paper 01 Multiple-choice questions	15 (30)	15 (30)	15 (30)	45 (90)	(30)
Paper 02 Essay/Extended Response	25 (50)	25 (50)	25 (50)	75 (150)	(50)
<b>School-Based Assessment</b>					
Paper 031 or Paper 032	20	20	20	60	(20)
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>300</b>	<b>(100)</b>

*(Weighted scores are in brackets)*

## ◆ GLOSSARY

WORD	DEFINITION/MEANING
Account for	Explain the reasons for, giving an indication of all relevant circumstances. Very different from 'Give an account of', which asks only for a detailed description.
Analyse	Study in depth, identifying and describing in detail the main characteristics.
Assess	Examine closely, with a view to measuring or 'weighing up' a particular situation. Consider in a balanced way: strengths and weaknesses, points for and against. In conclusion, state your judgement clearly.
<i>Calculate</i>	<i>Determine the amount or value of something mathematically. Use formula to derive required information.</i>
Comment	State clearly and in a moderate fashion your opinions on the material in question. Support your views with references to suitable evidence or with explanation as appropriate.
Compare	Look for qualities or characteristics that resemble each other. Emphasize similarities but be aware also of points of differences.
Contrast	Stress the dissimilarities and differences between the items in question, but do not ignore points of similarities.
Criticise	Express your balanced judgement about the merit or truth of the material in question. Give the results of your scrutiny, establishing both strengths and weaknesses. Be specific.
Define	Give, concise, clear and authoritative meanings. Do not give too many details, but be sure to state the limits of the definition. Show how the thing you are defining differs from things in other categories.
Describe	Recount, characterize, sketch or relate in sequence or story form.
<i>Differentiate</i>	<i>State or briefly explain those differences between or among items or situations which can be used to define them or place them into different categories.</i>
Discuss	Examine and analyse carefully, giving reasons pro and con, advantages and disadvantages. Be complete, and give details. You must consider all sides of the issue and reach a balanced conclusion.
Enumerate	State in list or outline form, giving points concisely one by one.



WORD	DEFINITION/MEANING
Evaluate	Carefully appraise the matter in hand, citing both advantages and limitations. Emphasise the views of authorities as well as your personal estimation.
Explain	Clarify, interpret and spell out the material you present. <i>Give reasons for important features or developments. Provide statements on what happened, how it happened and why it happened. Provide elaboration of particular terms concepts and approaches.</i>
How far...	Similar to questions based on the “To what extent...” approach. Here you are expected to make your case or present your material in the usual way.
Identify	<i>Name specific components or features. Point out, indicate without explanation, or recognise and select.</i>
Illustrate	Use specific examples, allusions, figures or diagrams to explain, demonstrate or clarify a problem, situation or view.
Interpret	Translate, give examples of, express in simple terms or comment on a subject, usually giving your judgement about it.
Justify	Prove, make out a case or give reasons for decisions or conclusions, taking pains to be convincing.
List	As in ‘enumerate’, write an itemized series of concise statements.
Outline	Provide a framework describing under main point and subordinate points, omitting minor details and stressing the arrangement or classification of the material.
Prove	Establish that something is true by citing factual evidence or giving clear reasons.
Relate	Show how things are related to or connected with each other, or how one causes another, correlates with another, or is like another.
Review	Examine a subject critically, analysing and commenting on the important points and stages of development.
State	Present the main points in brief, clear sequences.
Summarise	Give the main points or facts in condensed form, omitting details and illustrations.
Trace	Describe in narrative form, progress, development or sequence of events from some point of origin.

# **CARIBBEAN EXAMINATIONS COUNCIL**

**Caribbean Advanced Proficiency Examination<sup>®</sup>**  
**CAPE<sup>®</sup>**



## **MANAGEMENT OF BUSINESS**

### **Specimen Papers and Mark Schemes/Keys**

#### **Specimen Papers, Mark Schemes and Keys:**

Unit 1 Paper 01  
Unit 1 Paper 02  
Unit 1 Paper 032  
Unit 2 Paper 01  
Unit 2 Paper 02  
Unit 2 Paper 032



**CARIBBEAN EXAMINATIONS COUNCIL**  
**CARIBBEAN ADVANCED PROFICIENCY EXAMINATION**  
**MANAGEMENT OF BUSINESS**

**UNIT 1 - Paper 01**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This test consists of 45 items. You will have 1 hour and 30 minutes to answer them.
2. In addition to this test booklet, you should have an answer sheet.
3. Do not be concerned that the answer sheet provides spaces for more answers than there are items in this test.
4. 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.
5. 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

Which of the following actions CANNOT be taken legally by a trade union?

- (A) Picket
- (B) Strike
- (C) Go slow
- (D) Lock out

Sample Answer



The best answer to this item is “Lock out”, so (D) has been shaded.

6. If you want to change your answer, erase it completely before you fill in your new choice.
7. 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.
8. You may do any rough work in this booklet.
9. You may use a silent, non-programmable calculator to answer items.

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

1. The mission statement of an organization defines the organization's
  - (A) long-term goals
  - (B) strategic objectives
  - (C) purpose and direction
  - (D) operational objectives
2. Which of the following is NOT a reason for setting organizational objectives?
  - (A) To monitor progress
  - (B) To guide decision making
  - (C) To know what to do if things go wrong
  - (D) To hold employees accountable for work performance
3. At what managerial level of an organization's hierarchy are strategic planning decisions made?
  - (A) Top
  - (B) Middle
  - (C) First line
  - (D) Lower level
4. A supervisor is trying to understand why those employees who are rostered to substitute during the receptionist's lunch hour are not showing up.

Which of the following steps should the supervisor take to better understand the problem?

  - I. Talk to those involved.
  - II. Ask the CEO for his opinion.
  - III. Analyse the information gathered.
  - (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III
5. To determine whether an organization is capable of successfully launching a product with its current resources, the management team should conduct
  - (A) a market survey
  - (B) a SWOT analysis
  - (C) a stakeholder analysis
  - (D) an employee satisfaction survey
6. A vision statement should be
  - (A) short and exciting to read
  - (B) the same as the mission statement
  - (C) inspiring, memorable and easy to understand
  - (D) specific, detailed and long so that each point is fully clarified
7. The owner of Martin's Construction has decided to offer scholarships to 20 high-performing students, with the greatest needs, from the community.

Which of the following reasons could he give to the public to explain his decision?

  - (A) Political aspirations
  - (B) To benefit from the tax write-off
  - (C) To improve his business in the community
  - (D) To address a perceived need in the community

GO ON TO THE NEXT PAGE

8. Caribbean Sweets located in Coconut Island has subsidiaries in two other countries.

Which of the following are benefits of this multinational company to Coconut Island?

- I. Reduced tax revenue
- II. Repatriation of profits
- III. Technology innovation

- (A) I and II only
- (B) I and III only
- (C) II and III only
- (D) I, II and III

9. The accounting supervisor wants to increase the number of customer service representatives in his department. He is not sure how many new persons to request from HR.

Which of the following would help him to make his decision?

- I. Observing work processes
- II. Interviewing the current customer service representatives
- III. Choosing based on what the marketing department has done

- (A) I and II only
- (B) II and III only
- (C) II and III only
- (D) I, II, and III

10. Ten years ago, Sam could only buy locally made shoes and clothing from the stores in the city. Sam is now able to get internationally produced shoes and clothing in the mall at affordable prices.

Which of the following is the MOST likely reason for this change?

- (A) Raw materials are now cheaper.
- (B) There are better shops in the mall.
- (C) Lower duties make importing goods profitable.
- (D) Local manufacturers have decided to charge lower prices.

11. Kristin, Cathy and Carl are business students who have an idea to develop an application that will provide easy access to medical professionals who provide telemedicine services.

Which of the following is NOT an option for the business structure as the three students set up their business?

- (A) Partnership
- (B) Joint venture
- (C) Public limited company
- (D) Private limited company

12. Which one of the following is NOT a benefit of choosing to operate as a private company?

- (A) Unable to be sued
- (B) Limited liability
- (C) Easier access to capital
- (D) Increased legal requirements

13. AXA Corporation is selling its farms to concentrate on the juice manufacturing business.
- Which level of economic activity has AXA Corporation chosen to maintain?
- (A) Primary
  - (B) Tertiary
  - (C) Secondary
  - (D) Traditional
14. More than half of the million tourists who visit Green Isle annually are there for the locally produced chocolate, nutmeg ice cream and mahogany souvenirs.
- This economy is driven MAINLY by activity at which of the following levels?
- (A) Tertiary
  - (B) Primary
  - (C) Secondary
  - (D) Quaternary
15. The yogurt available at Arturo's Convenience Store will reach its sell-by date in two days. Arturo has to decide what he should do with the product. What ethical decision should Arturo make?
- (A) Leave the yogurt on the shelves.
  - (B) Offer a buy-one-get-one-free special.
  - (C) Donate the yogurt to a nearby primary school.
  - (D) Sell the yogurt at a discounted rate with a warning label.
16. Which of the following statements BEST explains Mayo's 'Hawthorne effect'?
- (A) People only act to achieve their goals if they feel they will be successful.
  - (B) Once the individual's need is satisfied, it will no longer provide the impetus to action.
  - (C) When management consults with workers and takes an interest in their work, then motivation is improved.
  - (D) If work is not interesting, challenging or rewarding, workers will not be satisfied or motivated.
17. Which of the following is correct about conflict in organizations?
- (A) It is always dysfunctional.
  - (B) It can have positive outcomes.
  - (C) It must be caused by confrontation.
  - (D) It is best resolved through avoidance.
18. Which of the following management functions assigns tasks and resources?
- (A) Leading
  - (B) Planning
  - (C) Controlling
  - (D) Organizing
19. A leader can BEST be described as one who
- (A) emerges from within the group
  - (B) is appointed to a position of formal authority
  - (C) organizes resources to meet the objectives of the organization
  - (D) influences others to perform beyond the actions dictated by formal authority

GO ON TO THE NEXT PAGE

20. Mark, the manager of ABC Co. Ltd, has been described as an individual who was born with outstanding leadership qualities, hence his effectiveness as a leader.
- Which of the following approaches to the study of leadership can be associated with the description of Mark's situation?
- (A) Trait theory
  - (B) McGregor Theory X
  - (C) McGregor Theory Y
  - (D) F.W. Taylor scientific management
21. Which of the following is a reason for decentralization?
- (A) To gain greater economies of scale
  - (B) To retain the same business identity in all markets
  - (C) The need for consistent policies throughout the organization
  - (D) To make more informed decisions which reflect different market conditions
22. The greatest scope for increased responsibility and recognition in the workplace is provided by job
- (A) rotation
  - (B) assessment
  - (C) enrichment
  - (D) enlargement
23. The production manager makes suggestions to his superior about ways to improve the efficiency of the department. Which form of communication flow does this represent?
- (A) Lateral
  - (B) Upward
  - (C) Horizontal
  - (D) Downward
24. Which of the following **MUST** be present if a team of workers is to achieve its desired objectives?
- (A) Charismatic leadership
  - (B) A shared sense of purpose
  - (C) A large number of members
  - (D) A balanced mix of males and females
25. What type of relationship exists between the marketing manager and the production manager within an organization?
- (A) Line
  - (B) Staff
  - (C) Product
  - (D) Functional
26. In January of each year, the general manager meets with the senior managers to assign roles and responsibilities and set goals for the year.
- Which of the following functions is being demonstrated?
- (A) Leading
  - (B) Planning
  - (C) Controlling
  - (D) Organizing
27. In Maslow's hierarchy of needs, at which level of needs does 'open and honest communication among employees' belong?
- (A) Social
  - (B) Safety
  - (C) Esteem
  - (D) Self actualization

GO ON TO THE NEXT PAGE

- 28.** Sonia owns a shoe manufacturing business. She recently acquired the latest production machinery and encouraged the production workers to check Google for guidance on how to use the new machine. There is now an increase in absenteeism among the workers.

Which of the following factors is NOT likely to have caused the increase in absenteeism?

- (A) Inadequate training
- (B) Fear of the unknown
- (C) Ineffective leadership
- (D) Mistrust of the manager

- 29.** Seven persons applied for the job of production officer at the PQA Company. The panel of recruiters including the HR manager chose Paul, the youngest candidate for the job.

The action of the panel represents which of the following?

- (A) Selection
- (B) Advertising
- (C) Recruitment
- (D) Development

Item 30 refers to the following scenario.

- 30.** Angela Jones, senior accountant, conducted performance appraisals on all her staff in November. She discussed their performance level during the performance appraisal meetings. This was the first time for the year that she spoke with them about their work.

Which of the following recommendations would help Ms Jones improve her approach to conducting performance appraisals?

- (A) Set work goals with her staff at the end of the year.
- (B) Only speak about the positives of her employees' work output.
- (C) Adopt an appropriate timeline for the performance management cycle.
- (D) Sanction all employees whose work is below the organization's standards.

- 31.** Working capital is largely used for

- (A) obtaining share capital
- (B) paying for land required for expansion
- (C) paying suppliers for goods bought on credit
- (D) purchasing equipment required for starting a business

- 32.** A form of equity financing may be obtained by using

- (A) loans
- (B) shares
- (C) bonds
- (D) debentures



33. Riana is considering expanding her veggie products business. She is very concerned about the prevailing interest rates. Which of the following criteria seems to be MOST important to her when choosing a source of finance for the expansion?
- (A) Cost
  - (B) Ownership
  - (C) Amount of capital needed
  - (D) Time frame (short-term or long-term)
34. Which of the following statements is true about financial statements?
- (A) The trading account shows the amount of net profit made.
  - (B) The balance sheet shows whether a loss or profit was made.
  - (C) The income statement shows the financial position of the firm.
  - (D) The cash flow statement shows the inflows and outflows of cash.
35. Governments are stakeholders who are interested in the accounting information of private businesses. A key reason for this is
- (A) determining the amount of taxes owed
  - (B) making better management decisions
  - (C) evaluating the performance of the business
  - (D) assessing the business' ability to pay its debts
36. An internal stakeholder may examine working capital estimates to assess the
- (A) profitability of the business
  - (B) need for additional financing
  - (C) level of gearing of the business
  - (D) business' eligibility to receive a loan
37. The manager of Sterls Auto World observed that his income statement had a higher gross profit in 2021, compared to 2020. However, the net profit in 2021 was lower than the net profit in 2020.
- Which of the following is a likely reason for this situation?
- (A) There was a decline in sales in 2021 compared with 2020.
  - (B) There was an increase in the cost of goods sold in 2021 compared with 2020.
  - (C) There was a lower charge for depreciation in 2021 compared with 2020.
  - (D) There was an increase in the expenses for wages and salaries in 2021 compared with 2020.

GO ON TO THE NEXT PAGE

Items **38** and **39** refer to the following accounting information extracted from the balance sheet of Rhoda's Creations.

Item	\$
Stock	20 000
Debtors	5 000
Creditors	6 000
Cash	3 000
Prepayments	1 500
Accruals	4 000
Bank	5 000

- 38.** What is the liquidity ratio of Rhoda's Creations?

(A) 3.3 : 1  
(B) 3.45 : 1  
(C) 5.5 : 1  
(D) 5.75 : 1

- 39.** What is the acid test ratio of Rhoda's Creations?

(A) 1.3 : 1  
(B) 1.45 : 1  
(C) 2.17 : 1  
(D) 2.42 : 1

- 40.** A limitation of budgeting is that external factors may cause budgeted figures to be different from actual figures. Which of the following factors are likely to cause adverse variances for a business?

I. Global pandemic  
II. Higher shipping costs  
III. Lower prices of raw materials

(A) I and II only  
(B) I and III only  
(C) II and III only  
(D) I, II and III

Items **41** and **42** refer to the following accounting information extracted from Bally's balance sheet.

	May	June
Sales (units)	800	925
Price	\$15	\$15
Materials cost (unit)	\$3	\$4
Labour cost (unit)	\$2	\$3

- 41.** Which of the following statements are true about Bally's budgets?

I. Labour cost for June of \$2400  
II. Estimated sales revenue for May of \$12 000  
III. Estimated sales revenue for June of \$13 875

(A) I and II only  
(B) I and III only  
(C) II and III only  
(D) I, II and III

- 42.** What is the budgeted profit for June?

(A) \$ 7 403  
(B) \$ 8 000  
(C) \$ 9 875  
(D) \$10 175

GO ON TO THE NEXT PAGE

Items 43 and 44 refer to the following scenario.

Kim has to determine whether to make an investment by purchasing new equipment costing \$15 600. The expected cost of capital is 10%. The expected cash flows and discount factors are summarized in the table below.

Year	Cash Flow \$	Discount Factor
1	9500	0.9091
2	5300	0.8265
3	4700	0.7513
4	3800	0.6830

43. What is the approximate expected payback period for this investment?

(A) 2 years and 2 months  
(B) 3 years  
(C) 3 years and 2 months  
(D) 4 years

44. What is the net present value of the investment?

(A) \$ 948  
(B) \$ 3 543  
(C) \$ 7 700  
(D) \$19 143

45. Tara's Mini Mart observed that the direct labour variance was positive. This may have been as a result of

(A) higher wage rate paid  
(B) additional hours worked  
(C) improved productivity of workers  
(D) poorer quality products from suppliers

**END OF TEST**

**CARIBBEAN EXAMINATIONS COUNCIL**

**CARIBBEAN ADVANCED PROFICIENCY  
EXAMINATION**

**MANAGEMENT OF BUSINESS – UNIT 1**

**SPECIMEN PAPER 2023**

<b>Item No.</b>	<b>Key</b>	<b>Specific Objective</b>
1	C	1.3
2	C	1.3
3	A	1.3
4	B	1.5
5	A	1.3
6	C	1.3
7	D	1.4
8	C	1.6
9	A	1.5
10	C	1.6
11	B	1.2
12	D	1.2
13	C	1.1
14	A	1.1
15	D	1.4
16	C	2.1
17	B	2.6
18	D	2.1
19	D	2.4
20	A	2.4
21	D	2.2
22	C	2.3
23	B	2.8

<b>Item No.</b>	<b>Key</b>	<b>Specific Objective</b>
24	B	2.5
25	D	2.2
26	B	2.1
27	A	2.3
28	D	2.7
29	B	2.9
30	C	2.9
31	C	3.1
32	B	3.2
33	A	3.3
34	D	3.5
35	A	3.4
36	B	3.4
37	D	3.5
38	B	3.6
39	B	3.6
40	A	3.9
41	C	3.8
42	A	3.8
43	A	3.10
44	B	3.10
45	C	3.9

**SPECIMEN 2023**



TEST CODE **02133020**

**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**

**C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N<sup>®</sup>**

**M A N A G E M E N T O F B U S I N E S S**

**UNIT 1 – Paper 02**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of THREE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. Do NOT write in the margins.
4. You may use a silent, non-programmable calculator to answer questions.
5. You are advised to take some time to read through the paper and plan your answers.
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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**Module 1: Business and its Environment**

**Answer ALL questions.**

**Write your answers in the spaces provided in this booklet.**

- 1.** Mr Singh has been operating a small fast-food restaurant in Flamingo Town for the past five years. He initially started the business as a sole trader and after two years he changed the legal form of the business to a partnership. His partner was his cousin John, who graduated with a Diploma in Culinary Arts. Recently, two fast-food restaurants offering healthy eating options were established in Mr Singh's locale. In addition, a recent survey showed that healthy eating preferences are becoming the dominant trend among consumers in Flamingo Town.

(a) Define EACH of the following terms.

(i) Sole trader

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(ii) Partnership

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**[4 marks]**

- (b) Explain ONE opportunity and ONE threat to the success of Mr Singh's business based on the recent changes in the market.

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**[6 marks]**

- (c) Mr Singh has implemented a focused differentiation strategy to enhance the business' competitive edge. Explain ONE reason why Mr Singh would have chosen this strategy.

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**[3 marks]**

- (d) Discuss TWO benefits and ONE challenge Mr Singh may have experienced by converting his business from a sole trader to a partnership.

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





## Module 2: The Management of People

2. ABC Baby Foods recently acquired the assets of Baby and Child Foods Ltd. Both the human resource manager and the marketing manager from Baby and Child Foods Ltd were transferred to ABC, to replace the existing managers. Some of the workers at ABC disagreed with the move by management. This resulted in conflict and low worker output as revealed in the performance appraisal results. The CEO of ABC decided to resolve the issue of decreased worker output by implementing the team approach. However, after six months, the team approach failed to solve the conflict or low performance problems in the organization.

(a) Define the following terms

(i) team

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(ii) performance appraisal

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**[4 marks]**

- (b) Using Lewin's change management model, explain how the CEO could have effected the transfer of the human resource manager to yield positive results.

[illegible]

**[9 marks]**

GO ON TO THE NEXT PAGE

- (c) The CEO realized that his suggestion that each department work as a team did not achieve the expected results. Discuss how the following THREE characteristics could be implemented to yield positive results.

- (i) Trust
- (ii) Decision by consensus
- (iii) Support and growth

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**Module 3: Business Finance and Financial Decision-Making**

3. Saucy Company produces a range of sauces used in Caribbean cooking and as condiments. These include tomato, barbecue, soy, pepper and tamarind sauces. The business continuously strives to keep abreast of customers' needs and as a result is always seeking to add other types of sauces to its product mix. In order to introduce its new marinara sauce on the market, Saucy Company requires additional funding. The accounting manager suggests that creating appropriate budgets would enhance the firm's ability to access additional funds.

- (a) Outline TWO criteria that Saucy Company should consider when choosing a source of finance for the planned expansion.

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**[4 marks]**

- (b) Explain TWO benefits and ONE limitation of budgeting produced by Saucy Company.

[illegible]

**[9 marks]**

- (c) Table 1 shows production and sales information for the marinara sauce for Saucy Company.

**TABLE 1: PRODUCTION AND SALES INFORMATION  
FOR MARINARA SUACE**

Budgeted Figures	May
Sales in units	1200
Price	\$25
Tomato sauce per unit	\$5
Direct labour per unit	\$3
Electricity cost per unit	\$2

Use the information in Table1 to construct the following budgets for May. **Show ALL working.**

- (i) Sales revenue budget

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**[5 marks]**



(ii) Production cost budget

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**[7 marks]**

**Total 25 marks**

**END OF TEST**

MANAGEMENT OF BUSINESS

UNIT 1  
PAPER 02

KEY AND MARK SCHEME  
SPECIMEN PAPER

**MODULE 1: Business and its Environment**

1 a. Define EACH of the following terms.

- (i). **A sole trader** is a legal form of business organization which is owned, controlled and operated by one person **(1)**. This form of business organization has unlimited liability **(1)** The owner receives all profits **(1)** and incurs all losses **(1)**.
- (ii) **A partnership** is a legal form of business organization established between 2-20 partners **(1)** and bound by a partnership deed **(1)**. There are two types of partnerships **(1)**. The general partnership where all partners have unlimited liability **(1)** and the limited partnership where the limited partner is liable up to the limit of his/her investment **(1)**.

**1 mark for each correct point for a maximum of two marks per term**  
**[4 marks]**

- (b) Explain ONE opportunity and ONE threat to the success of Mr Singh's business based on the recent changes in the market.

**Opportunity**

Mr Singh has an existing customer base. **(1)** He can now add the healthy food options to his menu offerings. **(1)** This will allow him to successfully compete **(1)** with both the existing and new restaurants.

**Threat**

Mr Singh's main menu offering is not those of the trend in consumer preferences. **(1)** The market is now open for new fully healthy food offering restaurants. **(1)** Healthy food preference consumers may prefer to eat at those restaurants **(1)** than at the restaurants that offer a mix of fast foods and healthy meals. **(1)**

**[6 marks]**

**1 mark for each correct point for a maximum of three marks for strength**

**1 mark for each correct point for a maximum of three marks for weakness**

- (c) Mr Singh has implemented a focused differentiation strategy to enhance the business' competitive edge.

Explain ONE reason Mr Singh would have chosen this strategy.

**Reasons Mr Singh chose the focused differentiation strategy**

- Allows for brand differentiation of the restaurant **(1)** By adopting such a strategy Mr Singh will be able to offer a unique value proposition **(1)** to consumers which will make his business stand out among the competition. **(1)** By doing so he will be able to establish a dominant market position. **(1)**
- Builds relationships with customers **(1)** By implementing a differentiation strategy, the restaurant will be able to target specific groups of customers **(1)** and cater their products specifically to needs of that customer group. **(1)** If this is consistently done it will contribute to building long-term relationships with that customer group and allow for continued sales **(1)** and profits in the future. **(1)**

**[3 marks]**

**1 mark for each correct point for a maximum of three marks**

- (d). Discuss TWO benefits and ONE challenge Mr Singh may have experienced by converting his business from a sole trader to a partnership.

**Benefits**

- **Greater access to capital(1):** By converting to a partnership, all partners will contribute capital to the business**(1)** as opposed to only one person in a sole trader business. With a greater amount of capital, it will become easier to make the necessary investments, **(1)** such as technology and equipment. **(1)** This will assist in the expansion of the restaurant **(1)** and the introduction of new meal items to capitalize on the increased demand for healthy meals. **(1)**
- **Access to complementary skills and capabilities(1):** In a partnership the partners usually possess varied skills and capabilities which will add value to decision making **(1)** in the restaurant. This should improve the quality of the decisions made **(1)** and positively impact the performance of the restaurant. **(1)**
- **Better management oversight of the business(1)** The various departmental activities can now be adequately divided between the two partners **(1)** based on their competences. This will allow each partner to focus his attention on managing the developments in each of those departments. **(1)** This is critical since the business has to make some critical decisions about product development **(1)** and market share**(1)** at this time.

**Challenges**

- **Sharing of profits(1):** In a partnership, all profits have to be shared among partners based on the agreed ratio specified in the partnership deed. **(1)** This will reduce the share of profit to which Mr Singh would be entitled **(1)** when compared to the sole trader business where he would have earned all profits. **(1)**
- **Delayed decision-making(1)** Decisions cannot be made until both partners have discussed them. **(1)** This can hinder the success of the business **(1)** since some strategic business decisions need to be made immediately **(1)** based on developments in the market. **(1)**

1 mark for identification of each benefit/challenge (1 x 3)

3 marks for discussion of each benefit/challenge (3 x 3)

[12 marks]

**Total 25 marks**

**MODULE 2: The Management of People****S.O: 1.2.5, 1.2.7, 1.2.9**

(a) Define the following terms

(i) Team

A team can be defined as two or more individuals working together to realize a common objective **(1)** for which they hold themselves accountable. **(1)**

(ii) Performance appraisal

This is a technique that is used for assessing how effectively employees are carrying out their functions **(1)** in relation to agreed targets. **(1)**

**1 mark for each correct point for a maximum of two marks per term**  
**[4 marks]**

(b) Using Lewin's change management model, explain how the CEO could have effected the transfer of the Human Resource Manager to yield positive results.

Kurt Lewin's change Management Model uses three stages; unfreeze, change and refreeze.

The CEO could use the '**unfreeze**' strategy by explaining to workers that with the acquisition of Baby & Child Foods, the new organization could not afford to keep two sets of senior managers. **(1)** To keep them both would mean, that many workers would lose their jobs. **(1)** Very likely workers would prefer to lose the two managers than having many workers lose their jobs. **(1)** He would also listen to their concerns and respond to them with transparency. **(1)**

**[3 marks]**

The CEO would now implement the '**change**' by first informing workers how and when the management replacements would take place. **(1)** He would also explain the benefits to workers and to the business of having the new HR and marketing managers transferred from Baby & Child Foods. **(1)** The CEO could also point out that only two senior manager from ABC were being replaced compared the number of senior managers from Baby & Child Foods. **(1)**

**[3 marks]**

At the '**refreeze**' stage, the CEO could have regular meetings with the staff to talk what is going right and what is not. **(1)** This will ensure that the new structure is confirmed in the minds of workers.

**(1)** The new managers should also meet with their staff to bond with them **(1)** and help them to get comfortable with the new structure. **(1)**

**[3 marks]****[9 marks]**

**1 mark for each correct explanation point for a maximum of three marks for each stage of the model.**

- (c) The CEO realised that his suggestion that each department work as a team did not achieve the expected results. Discuss how the following THREE characteristics could be implemented to yield positive results.

- I. Trust
- II. Support and growth
- III. Decision by consensus

Trust: When there is trust between management and workers, the workers are more willing to cooperate with decisions made. **(1)** In order for trust to exist, the CEO will need to share reasons for the appointment of the new Human Resource manager with the workers **(1)**. Trust between management and workers inspires high morale **(1)** and this will lead to increased worker output **(1)**

Support and growth: The CEO needs to cause the workers to feel that they have his support in their daily work activities **(1)**. He could have frequent meetings to get their input on developments happening in the company **(1)**. This would make them feel valued **(1)**. He could show his support by training them to take over management positions in the future **(1)**.

Decision by consensus: The CEO should adopt a strategy where all new plans are shared with the workers **(1)** and workers are allowed to make suggestions to those plans. **(1)** In implementing the decisions, the CEO should include workers' suggestions that are feasible **(1)**. This will ensure worker buy-in **(1)**.

**(12 marks)**

**1 mark for each correct discussion point for a maximum of four marks for each characteristic.**

**Total 25 marks**

**MODULE 3: Business Finance and Financial Decision-Making**

3. S.O : 1.3.2, 1.3.7

(a) Two criteria that Saucy Company should consider when Choosing a source of finance for the planned expansion.

- **The amount of capital needed. (1)** If Saucy Company requires a small amount of capital, then it may choose a financing option such as a bank overdraft will assist with the shortfall of funds. **(1)**
- **Time frame(1)** Long term borrowing would require Saucy Company to choose a financing option such as debenture. **(1)** Whereas, short term borrowing would require Saucy Company to choose bank overdraft or credit card. **(1)**
- **Cost of acquiring the funds. (1)** Higher interest rates on loans will increase the cost to Saucy Company of acquiring funds. **(1)** If interest rates are high, Saucy Company should choose a less risky option **(1)**. For example equity financing **(1)**

**[4 marks]**

**1 mark for the identification of the criteria (1 x 2)**

**1 mark for outline of each criteria (1 x 2)**

(b) TWO benefits and ONE limitation of budgeting to Saucy Company.

Benefits

- **Resource allocation (1).** Budgets guide business decisions and strategies. **(1)** Decisions regarding the sourcing of production inputs such as quantities of tomatoes, herbs, cheese, bottles etc. are guided by the budget. **(1)** The implementation of the production process would be more consistent **(1)** since the resource allocation decisions would have been made ahead of time.

**Note: Only one example as a development point can be awarded a mark**

- **Measurement of business performance (1)-** At different points in time, Saucy Company will be able to determine if the business is on track with budgeted projections **(1)**. These projections could relate to sales, revenue, productivity, profitability etc. **(1)** Where the actual and projected outcomes differ, relevant actions may be taken to ensure the achievement of profitability goals. **(1)**
- **Support decision making (1)-** Budgets can help Saucy Company to determine whether the planned expansion is feasible **(1)** given the performance of existing products that are being offered. It could also guide the management team as to how large the expansion should be. **(1)** For example adding one new sauce or a line of sauces, based on the difference between the budgeted and actual performance of the existing products in the market. **(1)**



Limitation

- **Can be time consuming (1)** Crafting a budgeting uses a lot of man hours because of the extent and accuracy of the data to be collected. **(1)** For example, the collection of data on sales figures, production rates, cost of resources etc. of Saucy Company over the period would be time consuming, **(1)** especially if the company does not have an electronic database. **(1)** This is time which could have been used in other areas of the business **(1)** such as producing and or marketing the sauces. **(1)**
- **It does not anticipate the occurrence of extreme events in the internal/external environment. (1)** Sudden changes in the social/political/economic environment can have severe impact on the performance of Saucy company. **(1)** For example, unexpectedly high increases in electricity as a result of war **(1)** could result in increases in the cost of producing the sauces. **(1)** Massive fire in the company could also reduce operations significantly **(1)** thus reducing the usefulness of the budget.

(9 marks)

**Note 1: Only one example as a development point can be awarded a mark**

**Note 2: All other relevant responses would be credited**

**1 mark for the identification of the benefit/limitation (1x3)**

**2 mark for explanation of each benefit/limitation (2x3)**

**(2 x 2) = 4**

**(1 x 2) = 2**

c (i) Sales Revenue Budget

**Saucy Company (1)**

**Marinara Sauce Sales Revenue Budget for the month of May (1)**

Item	May
Quantity	1200 (1)
Price	\$25 (1)
Sales Revenue	\$30,000 (1)

[5 marks]

- 1 mark for the name of the business
- 1 mark for an appropriate heading for the budget
- 1 mark for showing the Quantity figure for May
- 1 mark for showing the Price figure for May
- 1 mark for correct Sales Revenue figure for May

(ii) Production Cost budget

**Saucy Company (1)**

**Marinara Sauce Production Cost Budget for the month of May (1)**

Cost Item	Working	Cost \$
Direct Materials	(1200 × \$5) (1)	\$6000 (1)
Direct Labour	(1200 × \$3)	\$3600
Production Overheads	(1200×\$2) (1)	\$2400 (1)
Total Cost		\$12000 (1)

[7 marks]

- 1 mark for the name of the business
- 1 mark for an appropriate heading for the budget
- 1 mark for Correct Direct Materials figure for May
- 1 mark for showing correct working of direct materials
- 1 mark for Correct Production Overheads figure for May
- 1 mark for showing correct working of production overheads
- 1 mark for Correct Total Cost figure for May

**Total 25 marks**

**SPECIMEN 2023**



TEST CODE **02133032**

MAY/JUNE 2023

**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**

**C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N ®**

**M A N A G E M E N T O F B U S I N E S S**

**UNIT 1 – Paper 032**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of a case study and THREE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. Do NOT write in the margins.
4. 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.**
5. **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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**INSTRUCTION: Read the case and answer the questions that follow.**

**CASE STUDY**

Several business owners and managers in Mildred Island in the Caribbean have been expressing serious concern about the absence of economic growth in the island. Residents regularly protest over the lack of educational and health care facilities. Others complain about the lack of much needed infrastructural development to support business growth and development. Several businesses are failing, and some overseas investors are threatening to leave the country and set up business in other Caribbean countries that are more prosperous.

The minister of job creation, the Hon. Zoe Williams approached you, a researcher, to conduct research on the country's behalf. The aim was to determine challenges businesses are facing that are preventing them from being profitable. She believes that if the government knows what the problems are, it would be able to implement programmes to help boost business success. Hon. Williams noted that prosperous businesses translate to prosperous citizens, and prosperity among citizens leads to economic growth.

Hon. Williams informed you that she checked the government's Business Registry in Mildred Island and found that 500 businesses were registered. There were 350 firms which manufactured goods, 100 were involved in agriculture and 50 operated IT businesses. In discussions with the minister, you suggested that several studies would need to be done to achieve her goals. However, they could be done one at a time. You further suggested that the first study be aimed at determining the extent to which selected businesses have crafted strategic objectives and are allowing those objectives to guide the day-to-day operations.

1. (a) State the topic of the research.

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[1 mark]

- (b) State the general aim of the study.

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[1 mark]

- (c) Outline TWO objectives of the study.

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[2 marks]

GO ON TO THE NEXT PAGE

- (d) Discuss TWO benefits that an organization can derive from allowing its day-to-day operations to be guided by strategic objectives.

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**[8 marks]**

As a researcher, you know the importance of reviewing relevant literature on the topic prior to conducting the research. You therefore have searched peer reviewed journals for research articles about the role of business objectives in organizational success. Two studies were of great interest and you have decided to read them carefully to understand how the research was done and what were the findings.

**Study 1**

This was done in 2019 by Dr Anita Blanco of La Pinta University in Venezuela and Professor Andrew Blake of the University of Flowers in the USA. They studied 200 medium-sized businesses in India to find out whether strategic objectives had any impact on profitability. The study found that 40 per cent of the organizations closely followed the guidelines given in their strategic objectives and were among the top high performing organizations in the country. The organizations that had strategic objectives but did not follow them consistently represented 30 per cent of the sample. These organizations ranked in the category of ‘average profitability’ among similar organization in their industry. Ten per cent of the organizations never checked to see if they were implementing the strategic objectives even after one year of them being written. Such organizations reported that they were struggling to survive. Half of that number indicated that they were on the verge of going out of business.

**Study 2**

Dr Pue-lau Jing-Lie investigated the existence and impact of strategic objectives on the profitability of 150 fast-food companies in California, USA. The study was done in 2022. The results of this study showed that 100 companies had strategic objectives for over 20 years. These companies wrote new objectives every 5 years and consistently followed them. They were in the top high performing fast-food companies in California. Forty-five of the companies wrote objectives but were not guided by them in any consistent manner on a day-to-day-basis. They were however, also among the top performing fast-food firms in California. The other five firms did not have strategic objectives and were not among the top performing fast food firms in California.

- (e) Summarize EACH of the studies above. Include the following information in the summaries.

Source of study

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Purpose of study

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TWO key findings

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**[8 marks]**

**Total 20 marks**

2. (a) There are three research approaches: quantitative, qualitative and mixed method. Which research approach is BEST suited for this study?

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[1 mark]

- (b) Describe the population used for the study in relation to the classification of economic activities.

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[3 marks]

- (c) The sample is 10 per cent of the population. List the number of organizations that make up the sample in each classification of economic activity.

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[4 marks]

- (d) Identify the instrument to be used to collect the data.

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[1 mark]

GO ON TO THE NEXT PAGE



- (e) Discuss TWO benefits of using the instrument identified in (d), to collect the data.

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**[8 marks]**

- (f) Describe the data collection method.

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**[3 marks]**

**Total 20 marks**

**3.** The following represent the research findings.

Five of the firms in the primary sector wrote strategic objectives. Three of them used the objectives to guide their day-to-day operations.

All the firms in the tertiary sector created and were guided by the strategic objectives. On the other hand, of the firms in the secondary sector, 25 of them wrote and were guided by strategic objectives. The others did not write strategic objectives.

In all sectors, the firms which were guided by strategic objectives reported that they were on track to achieve all their profitability targets within the time period as stated in the strategic plan. However, the firms that created objectives but were not guided by them reported that they were struggling to survive as they were not achieving their profitability targets. The firms that did not write strategic objectives at all reported that they needed help from the government or else they would go out of business in a short while.

- (a) Give the findings of your study using ONE appropriate data presentation format.

**[4 marks]**

**GO ON TO THE NEXT PAGE**

- (b) Analyze TWO keys findings of your study.

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**[8 marks]**

- (c) Discuss ONE research finding in the study that is different to the findings of any ONE of the studies in the literature review.

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**[4 marks]**

GO ON TO THE NEXT PAGE

- (d) Outline TWO recommendations you could give to the minister of job creation of Mildred Island based on the findings of the study.

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**[4 marks]**

**Total 20 marks**

**END OF TEST**

MANAGEMENT OF BUSINESS

UNIT 1  
PAPER 032

KEY AND MARK SCHEME  
SPECIMEN PAPER

## SO 1.1.1 &amp; 1.1.3

## Question 1

- (a) Identify the topic of the research

What is the relationship between strategic objectives and profitability among registered businesses in Mildred Island?

[1 mark]

**1 mark for an appropriate topic**

- (b) State the general aim of the study

The aim of the study is to investigate whether strategic objectives result in improved profitability among registered businesses in Mildred Island (1)

[1 mark]

**1 mark for an appropriate aim**

- (c) Outline TWO objectives

TWO objectives are:

- (i) To investigate the impact of the existence of strategic objectives on improved profitability among registered businesses in Mildred Island (1)
- (ii) To examine the relationship between the application of strategic objectives and improved profitability among registered businesses in Mildred Island (1)

[2 marks]

**1 mark for each appropriate objective (1x2)**

- (d) TWO benefit that an organization can derive from allowing its day-to-day operations to be guided by strategic objectives - 8 marks

- (i) Gives a sense of direction. (1) strategic objectives help to define the path that an organization should follow in order to be profitable. (1) They also ensure that the day-to-day operations are in line with its vision and mission. (1) In addition, strategic objectives help managers to allocate resources in a manner that supports profitability. (1)
- (ii) Increase operational efficiency. (1) Strategic objectives allow the organization to set tactical and operational goals that are measurable. (1) These goals can be used to measure progress (1) and can help management make necessary changes where there is disconnect between activities and the vision/mission. (1)

- (e) Comment on EACH of the studies examined.

**Study #1**

- (i) Blanco & Blake (2019) **(1)** studied the impact of strategic objectives on the profitability of 200 medium-sized businesses in India. **(1)** The findings showed that the firms that followed their strategic objectives were more profitable than those that did not. **(1)** This study demonstrates that when strategic objectives were used to guide operations of the organization, there was a positive impact on the profitability of the firms that were studied **(1)**

**Study #2**

- (ii) The study by Jing-Lie (2022) **(1)** investigated the existence and impact of strategic objectives on 150 fast food stores in California. **(1)** The study revealed that the existence of strategic objectives whether they were followed consistently or not, had a positive impact on the profitability of the firm. **(1)** The firms without strategic objectives were not as profitable as those which had them. **(1)**

**[8 marks]**

**1 mark for each appropriate point, to a maximum of four marks for each study (4 x 2)**

**Total 20 marks**

**QUESTION 2**

- (a) State the BEST suited research approach for the study.

Quantitative

**[1 mark]**

**1 mark for the correct response**

- (b) Describe the population in relation to the classification of economic activities.

The primary sector has 100 firms. **(1)** The secondary sector has 350 firms **(1)** and the tertiary sector has 50 firms. **(1)**

**[3 marks]**

**1 mark for each appropriate point, to a maximum of three marks**

- (c) The sample is 10 per cent of the population. List the number of organizations that make up the sample in each classification of economic activity.

The sample consists of 10 firms in the primary sector, **(1)** 35 in the secondary sector **(1)** and 5 in the tertiary sector. **(1)** total sample = 50 firms **(1)**

**[4 marks]**

- (d) Identify the instrument

Questionnaire

**[1 mark]**

**1 mark for the correct response**

- (e) Discuss TWO benefits of using this instrument you will use to collect the data

Easy to collect data. **(1)** Questionnaires will contain mainly closed-ended questions. **(1)** This will make it easy for respondents to complete it. **(1)** the ease of completing the instrument will ensure that more persons will take the time to respond. **(1)**

Maintains anonymity. **(1)** One questionnaire will be sent to each firm in the sample and the relevant officer will complete and return it electronically. **(1)** This would mean that the researcher would not know the identity of the individual firm. **(1)** The anonymity of the data will encourage firms to be honest in completing the questionnaire. **(1)**

**[8 marks]**

**1 mark for each appropriate discussion point, to a maximum of four marks for each benefit (4 x 2)**



- (f) Explain the data collection method.

The questionnaire will be created using an electronic format (1) and the link to the questionnaire will be sent to each of the organizations in the sample. (1) When the questionnaire is completed, the respondent will click, 'send' and the completed form will be accessible by the researcher. (1)

[3 marks]

**1 mark for each appropriate point, to a maximum of three marks**

**Total 20 marks**

**Question 3**

- (a) Choose ONE appropriate format to present the data.

	Primary sector		Secondary sector		Tertiary sector		Achievement of profitability target
	Raw Score	Percentages %	Raw score	Percentages %	Raw score	Percentages %	
Only create objectives	2	20	0	0	0	0	no
Create & are guided by objectives	3	30	25	71	5	100	Yes
Did not create objectives	5	50	10	29	0	0	No

**[4 marks]****Correct data for each sector - 1 mark each = 3 marks****Correct presentation format - 1 mark****Note: Any other appropriate format will be credited.**

- (b) Analyse TWO of the findings given in each of the data presentation.

Creating objectives:

Fifty per cent of the firms in the primary sector created strategic objectives. **(1)** while in the tertiary sector all firms created objectives. **(1)** More than two-thirds of the secondary sector firms created objectives. **(1)** Conversely fifteen firms or 30% of the entire sample did not write strategic objectives. **(1)**

Being guided by strategic objectives

Just about one-third of the firms in the primary sector were guided by strategic objectives. **(1)** However, over two-thirds of the firms in the secondary sector were guided by strategic objectives **(1)** This contrasts with the tertiary sector where all firms were guided by strategic objectives. **(1)** All firms that were guided by strategic objectives achieved their profitability targets. **(1)**

**(8 marks)**

**1 mark for each appropriate point, to a maximum of four marks for each finding (4 x 2)**

- (c) Discuss ONE research finding that is dissimilar to the findings of one of the studies in the literature.

Role of strategic objectives in profitability. (1) The study by Jing-Lie (2022) (1) showed that all firms that wrote strategic objectives were profitable (1) the Mildred Island study however, found that only those firms whose day-to-day operations were guided by their strategic objectives alone achieved their profitability targets. (1)

[4 marks]

**1 mark for each appropriate point, to a maximum of four marks**

- (d) Outline TWO recommendations you could give to the Minister of Job Creation of Mildred Island.
- (i) The government should establish free training sessions for company executives on how to create and be guided by strategic objectives. (1) the government should make periodic visits to the organizations to evaluate the effectiveness of the implementation process. (1)
- (ii) The government should also create incentives to firms that are successful in being guided by their strategic objectives. (1) These incentives could be tax breaks. (1)

[4 marks]

**1 mark for each appropriate point, to a maximum of two marks for each recommendation, (2 x 2)**

**Total 20 marks**



**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**  
**C A R I B B E A N   A D V A N C E D   P R O F I C I E N C Y   E X A M I N A T I O N**  
**M A N A G E M E N T   O F   B U S I N E S S**

**UNIT 2 - Paper 01**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This test consists of 45 items. You will have 1 hour and 30 minutes to answer them.
2. In addition to this test booklet, you should have an answer sheet.
3. Do not be concerned that the answer sheet provides spaces for more answers than there are items in this test.
4. 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.
5. 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

Which of the following actions CANNOT be taken legally by a trade union?

- (A) Picket
- (B) Strike
- (C) Go slow
- (D) Lock out

Sample Answer



The best answer to this item is “Lock out”, so (D) has been shaded.

6. If you want to change your answer, erase it completely before you fill in your new choice.
7. 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.
8. You may do any rough work in this booklet.
9. You may use a silent, non-programmable calculator to answer items.

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

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1. Which of the following formulas is used to calculate labour productivity?

- (A) Labour hours utilized / output
- (B) Output / labour hours utilized
- (C) Output / machine hours utilized
- (D) Machine hours utilized / output

2. Which of the following factors is unlikely to affect the location decision of a cement manufacturing company?

- (A) Access to port facilities
- (B) Environmental regulations
- (C) Close proximity to residential neighbourhoods
- (D) Close proximity to malls and shopping centres

3. Quantitative sales forecasting is defined as a method

- (A) used to predict future sales levels using salespersons' opinions
- (B) which involves market research to identify the needs of customers
- (C) used to make projections about future sales based on numerical data
- (D) which emphasizes the use of attitudes and opinions to predict sales

4. Sales force composite is a sales forecasting technique which

- (A) predicts future sales by considering underlying factors
- (B) focuses on the views of salespersons to predict future sales
- (C) involves market research to identify the needs of customers
- (D) predicts future sales by examining fluctuations in market demand

5. Modularization is a product design technique

- (A) which focuses on reducing the size of the product
- (B) which focuses on enhancing quality and optimizing costs
- (C) which requires the involvement of employees from all functional departments
- (D) which focuses on using sub-components which can be easily customized or replaced

Item 6 refers to the following scenario.

John's Ice Cream Parlour has a design capacity of 250 ice cream cones per day. Based on the resources at the parlour's disposal, its available daily capacity is 200 ice cream cones per day. At present, the business is only producing 150 ice cream cones per day.

6. Which of the following is John's capacity utilization rate?

- (A) 40%
- (B) 60%
- (C) 75%
- (D) 125%

Item 7 refers to the following scenario.

Patrick, the owner of a small pastry business normally purchases flour in 10-kg packages at a cost of \$100 per package. His friend told him that if he purchased a 30-kg package, he will pay \$250 per package resulting in a cost savings of \$50 for the same quantity.

7. This cost-benefit occurs due to

- (A) economies of scale
- (B) supplier evaluation
- (C) diseconomies of scale
- (D) supplier relationship management

8. Process layout is defined as a strategy in which

- (A) the product remains fixed and resources are utilized at the production site
- (B) similar activities are grouped together in departments according to the function that they perform
- (C) activities are arranged in a sequence of operations to complete the assembly of a particular product
- (D) machines are grouped together based on the requirements for a set of products requiring similar processing

9. Which of the following is NOT an advantage of the fixed position layout?

- (A) The operation facilitates the production of large-scale projects and products.
- (B) The costs of production are low as the firm benefits from economies of scale.
- (C) Products are of a high quality due to the use of skilled labour and sophisticated equipment.
- (D) The firm produces highly customized products, therefore enhancing customer satisfaction.

Items 10 and 11 refer to the following extract.

Jessica's Pastry Shop sells all flavours of cupcakes for \$8.00 each. The rent for the shop is \$1000.00 monthly. The material cost of producing a cupcake is \$1.50 and the labour cost is \$1.25.

10. Which of the following costs is an example of a fixed cost?

- (A) Rent of \$1000.00
- (B) Labour cost of \$1.25 per cupcake
- (C) Materials cost of \$1.50 per cupcake
- (D) Cupcake cost of \$8.00 per customer

11. How many cupcakes must Jessica sell on a monthly basis to break even?

- (A) 148
- (B) 154
- (C) 190
- (D) 191

12. Which of the following factors is NOT taken into consideration when designing an inventory management system for a soft drink manufacturer?

- (A) Cost of holding inventory
- (B) The location of customers
- (C) The type of inventory to be held
- (D) The level of demand for finished products

13. The concept of quality assurance is BEST defined as the focus on

(A) testing, to identify defects in products  
(B) raw materials used, to ensure they are of a high quality  
(C) competitors' products, to assess their quality management approaches  
(D) the production process, to ensure that structures and systems support quality

14. Outsourcing is a process whereby a firm

(A) terminates an aspect of its operations  
(B) acquires materials from a foreign supplier  
(C) relocates its production facilities to another country  
(D) contracts an organization to perform the whole or part of its operations

Item 15 refers to the data for completing a project.

Activities	Preceding Activity	Duration (days)
A	None	3
B	None	2
C	A	5
D	B	1
E	C	4
F	E, D	3

15. The critical time for completing the project is

(A) 15 days  
(B) 16 days  
(C) 17 days  
(D) 18 days

16. Kooshoo Limited, a maker of natural skin care products, is making arrangements to market its products via the internet.

Which of the following is NOT a benefit of this arrangement?

(A) Increased costs  
(B) Relationship building  
(C) Timely market response  
(D) New market opportunities

17. Which of the following techniques may be used to collect primary data?

I. Trade journals  
II. Observation  
III. Surveys

(A) I and II only  
(B) I and III only  
(C) II and III only  
(D) I, II and III

18. Which of the following BEST describes an organization's motive for adopting sales promotional strategies?

(A) Test pricing strategy  
(B) Create product awareness  
(C) Get rid of outdated products  
(D) Adopt social media marketing

19. Jonathan is thinking about producing football gear. He has been advised to conduct research among five hundred sports personalities.

Which of the following methods would be MOST appropriate?

(A) Publications  
(B) Interviewing  
(C) Questionnaires  
(D) Library research

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20. Which of the following terms BEST describes all the possible consumers who need or want a product and are willing and able to acquire it?

(A) Market  
(B) Exchange  
(C) Marketing  
(D) Sales promotion

21. Innovations and Marketing Company is seeking to target teenagers with a new brand of mobile phones. Where should they focus their advertising efforts?

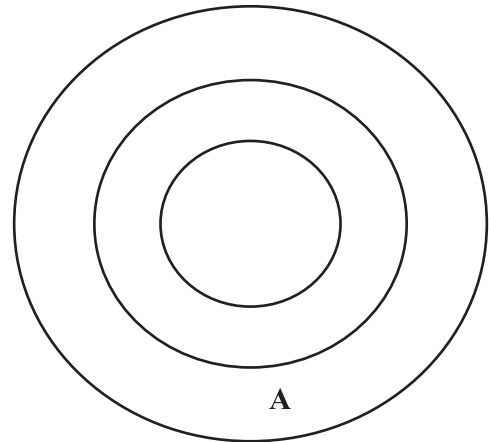
I. Email  
II. YouTube  
III. Instagram

(A) I and II only  
(B) I and III only  
(C) II and III only  
(D) I, II and III

22. Paul sells energy drinks. To determine the price for the products, he adds 25% of the price he paid for them, to get his selling price. This strategy is known as

(A) cost-plus  
(B) going rate  
(C) perceived value  
(D) competition pricing

Item 23 refers to the following diagram which shows the three dimensions or layers of a product.



23. Which layer is represented by the region labelled A?

(A) Core  
(B) Actual  
(C) Augmented  
(D) Formalized

24. Which of the following target marketing strategies BEST describes a toy manufacturer who focuses on boys under 12 years of age who like comic books?

(A) Niche marketing  
(B) Micromarketing  
(C) Differentiated marketing  
(D) Undifferentiated marketing

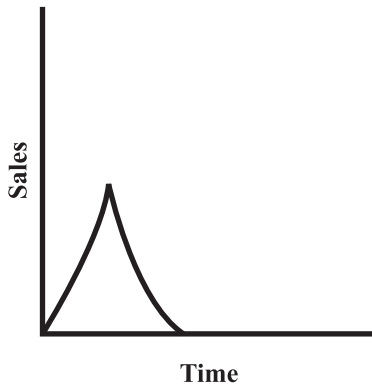
25. The senior managers of an organization met to engage in strategic planning for the next five years. They decided to use the PESTLE analysis approach.

From which of the following would they gather data?

(A) Markets  
(B) Competitors  
(C) Company's culture  
(D) Government policies



Items 26 and 27 refer to following diagram showing the product life cycle for football jerseys during the World Cup season.



26. Which type of product life cycle is illustrated in the diagram?
- (A) Fad
  - (B) Typical
  - (C) Leapfrog
  - (D) Stair-case
27. Which of the following would BEST explain the life cycle pattern reflected in the diagram?
- (A) The popularity of the World Cup
  - (B) Higher levels of World Cup promotion
  - (C) Additional uses for the product after the World Cup
  - (D) Increased competition among World Cup product providers
28. HB Water Bottling Company and PQ Fast Food Industries have an arrangement where HB gives high discounts to PQ and PQ only sells HB bottled water in its stores.
- Which of the following concepts is described in the scenario?
- (A) Market
  - (B) Marketing
  - (C) Value added
  - (D) Exchange transaction
29. Ingrid's Nature Treats produces natural juices. The focus is on ensuring the quality of the flavour and having the correct ingredients in the right quantities.
- Which of the following concepts BEST describes Ingrid's focus?
- (A) Selling
  - (B) Product
  - (C) Marketing
  - (D) Production
- 
30. A local manufacturer of natural mango jams is desirous of entering several Caribbean markets.
- Which of the following methods of distribution would be MOST appropriate to allow for the greatest market penetration in the shortest possible time?
- (A) Producer → Consumer
  - (B) Producer → Retailer → Consumer
  - (C) Producer → Wholesaler → Retailer → Consumer
  - (D) Producer → Agent → Wholesaler → Retailer → Consumer

GO ON TO THE NEXT PAGE

31. Which of the following is used to measure the size of a small business?
- (A) Productivity
  - (B) Number of owners
  - (C) Size of labour force
  - (D) Number of customers
32. Which legal protection pertains to an author who has written and published a book?
- (A) Patent
  - (B) Insurance
  - (C) Copyright
  - (D) Trademark
33. Which of the following is NOT required of a new business when applying for a bank loan?
- (A) Reason for the loan
  - (B) Some form of security
  - (C) Description of the business
  - (D) Qualifications of board of directors
34. Which of the following is NOT a characteristic of a successful entrepreneur?
- (A) High energy level
  - (B) Fear of taking risks
  - (C) Tolerance for ambiguity
  - (D) Internal locus of control
35. A business plan can be defined as a document which focuses on
- (A) the characteristics of the business
  - (B) the level of profitability of the business
  - (C) strategies to achieve operational targets
  - (D) how long the business has been in existence
36. The government of Guava Island has signed an agreement with Banana Country which will ease the restrictions on the importation and exportation of goods between both countries.
- Which of the following terms describes this type of agreement?
- (A) Dumping
  - (B) Globalization
  - (C) Trade liberalization
  - (D) Trade protectionism
37. When entrepreneurs enter a segment of the market which has a need for their product and that need is not being served by existing competitors, this strategy may be described as
- (A) market analysis
  - (B) growth strategy
  - (C) location strategy
  - (D) competitor analysis
38. A fast-food business decides to relocate to an area with only one other business of its kind. This new location is in close proximity to a large farming community.
- Which of the following reasons may be the cause for this decision?
- I. Competition
  - II. Access to labour
  - III. Access to product inputs
- (A) I and II only
  - (B) I and III only
  - (C) II and III only
  - (D) I, II and III

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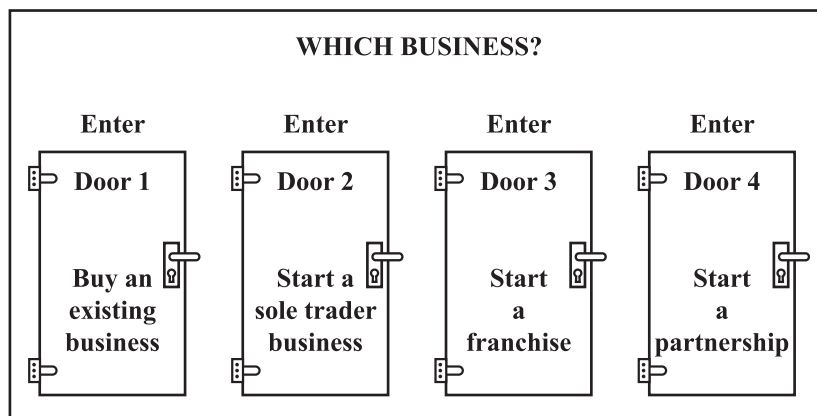
Item 39 refers to the following scenario.

39. Matthew and Naomi wanted to start a business selling local craft. They wanted to begin in their home and then expand to a small space in the mall in the capital city of their country. They had little capital to invest, were limited in their knowledge of how to maintain financial records and lacked training regarding up-to-date techniques on product development and marketing, which could make their work easier and faster.

Which of the following types of assistance would Matthew and Naomi's small business MOST benefit from?

- (A) Financial
- (B) Training
- (C) Incubation
- (D) Educational

Item 40 refers to the following diagram showing different business options.



40. Which of the doors above represent viable options for an entrepreneur who has a unique idea for a product not offered presently but which would be in great demand?
- (A) 1 and 2 only
  - (B) 1 and 3 only
  - (C) 2 and 4 only
  - (D) 3 and 4 only

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Items 41 and 42 refer to the following scenario.

Mrs Chang has recently opened a small restaurant. At the end of the first week of operations, she realizes that she does not have sufficient cash to pay her two workers.

41. The scenario above illustrates a
- (A) high gearing position
  - (B) low stock turnover rate
  - (C) low return on investment
  - (D) working capital deficiency
42. The BEST way for Mrs Chang to improve her situation is to
- (A) seek a short-term loan
  - (B) seek a long-term loan
  - (C) mortgage the restaurant building
  - (D) sell shares on the stock exchange
43. Oils-4-U is a cosmetic firm utilizing natural oils such as coconut oil and vitamin E oil for the beauty market. The research and development officer has developed a new formula that reduces hair loss. This is a good example of
- (A) management
  - (B) intrapreneurship
  - (C) entrepreneurship
  - (D) social entrepreneurship

Item 44 refers to the following scenario.

44. Inga Grant, owner/manager of AFF Shoes is preparing her business plan. The results of her research provided insight into customer needs and how to satisfy those needs.

Which of the following parts of the business plan would Inga place the results of her investigation?

- (A) Market analysis
- (B) Marketing strategy
- (C) Computer analysis
- (D) Business environment analysis

45. Rennie shows a strong desire to ensure his business is successful despite challenges along the way.

Which of the following characteristics is Rennie likely to display?

- (A) Fear
- (B) Self pity
- (C) Passion
- (D) Altruism

**END OF TEST**

**CARIBBEAN EXAMINATIONS COUNCIL**

**CARIBBEAN ADVANCED PROFICIENCY  
EXAMINATION**

**MANAGEMENT OF BUSINESS – UNIT 2**

**SPECIMEN PAPER 2023**

<b>Item No.</b>	<b>Key</b>	<b>Specific Objective</b>
1	B	1.11
2	D	1.1
3	C	1.2
4	B	1.2
5	D	1.3
6	B	1.6
7	A	1.6
8	B	1.5
9	B	1.5
10	A	1.7
11	D	1.8
12	B	1.9
13	D	1.10
14	D	1.10
15	A	1.12
16	A	2.10
17	C	2.4
18	B	2.9
19	C	2.4
20	A	2.1
21	D	2.9
22	A	2.7
23	C	2.6

<b>Item No.</b>	<b>Key</b>	<b>Specific Objective</b>
24	A	2.5
25	D	2.3
26	A	2.6
27	A	2.6
28	D	2.1
29	B	2.2
30	D	2.8
31	C	3.2
32	C	3.3
33	D	3.3
34	B	3.1
35	C	3.5
36	C	3.3
37	B	3.3
38	D	3.3
39	C	3.4
40	C	3.1
41	D	3.3
42	A	3.3
43	B	3.1
44	A	3.5
45	C	3.1

**SPECIMEN 2023**



TEST CODE **02233020**

**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**

**C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N<sup>®</sup>**

**M A N A G E M E N T O F B U S I N E S S**

**UNIT 2 – Paper 02**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of THREE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. Do NOT write in the margins.
4. You may use a silent, non-programmable calculator to answer questions.
5. You are advised to take some time to read through the paper and plan your answers.
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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**Module 1: Production and Operations Management**

**Answer ALL questions.**

**Write your answers in the spaces provided in this booklet.**

- 1.** Mr Smith, the owner of Building Contractors Limited, a home construction company in Banana island, is concerned about the rising cost of building construction. This is as a result of an increase in the cost of labour and materials, as well as a decline in labour productivity. Mr Smith has called the production manager to a meeting to discuss strategies to improve employee productivity. He also wants to implement a just-in-time inventory management system.

(a) Define EACH of the following terms.

(i) Labour productivity

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(ii) Just-in-time inventory management

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**[4 marks]**

- (b) Explain THREE ways in which the implementation of a just-in-time inventory management system would address the problem of the rising costs being experienced by Building Contractors Limited.

This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page, providing a template for handwriting practice or general writing. There are no margins, text, or other markings on the page.

**[9 marks]**



- (c) Discuss THREE strategies which the owner of Building Contractors Limited can implement to improve labour productivity.

[illegible]



**Module 2: Fundamentals of Marketing**

2. B &W Commercial Bank operates in the Caribbean Island of Leering. Its ATM machines are attached to the branches and allow customers to make local currency deposits and withdrawals in addition to US currency withdrawals. The latest national market survey indicates that B & W is ranked third in the banking industry of Leering. At last month's executive management meeting, management decided to take all the necessary steps to put the bank in the number one position in the industry. Jana Johnson, executive assistant, was asked to lead the process of conducting a PESTLE analysis and to analyse consumer buying behaviour. Paulette Peterson, the marketing manager, was asked to implement strategies to begin digital marketing activities. Ms Peterson should also report on how the market will be segmented.

- (a) (i) Give the meaning for the acronym 'PESTLE'.

.....  
[1 mark]

- (ii) Identify ONE of the four bases that Paulette Peterson would use to segment the consumer markets.

.....  
[1 mark]

- (iii) Define the term 'digital marketing'.

.....  
.....  
[2 marks]

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- (c) Leering Commercial Bank is in the number one market position. Ms Johnson's analysis found that Leering offers certain unique facilities to its customers. These are combined chequing and savings accounts, and ATM machines at all university campuses, major supermarkets and commercial plazas in the country. Its ATM machines also allow for customers to withdraw US, British and Canadian currencies. Customers can also deposit in one currency and withdraw in another.

Discuss TWO points of difference and ONE point of parity that B & W Commercial Bank can assess in order to assist with becoming number one in the banking industry.

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### Module 3: Small Business Management

3. Two years ago Rajiv opened Whiskers Pet shop in Oshawa, where he lives. The pet shop has become a successful small business, bringing in a significant amount of revenue. Rajiv has been expanding the business to meet the increased demand. Recently, Pets We Love, an internationally renowned pet shop, opened a branch in Oshawa.

Rajiv has decided to implement some innovative strategies in order to remain profitable and competitive in the pet market in Oshawa. Some of these innovative strategies include manufacturing pet beds, nutritious pet foods, pet accessories and pet toys.

- (a) Outline TWO characteristics of successful entrepreneurs.

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**[4 marks]**

- (b) Explain why EACH of the following may be challenging for Rajiv's pet shop.

- (i) Staffing

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(ii) Trade liberalization

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(iii) Intellectual property

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**[9 marks]**



(c) Discuss ONE benefit that Whiskers Pet Shop, as a small business, may experience from each of the following.

(i) Adopting e-commerce

(ii) Managing and controlling

(iii) Satisfying customer needs

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**Total 25 marks**

02233020/CAPE/SPEC 2023

MANAGEMENT OF BUSINESS

UNIT 2  
PAPER 020

KEY AND MARK SCHEME  
SPECIMEN PAPER

**MODULE 1: Production and Operations Management**Question 1

1a. Define each of the following terms.

- (i) Labour Productivity is a measure of efficiency which considers the quantity of labour used in relation to the output produced.  
**(1)** Labour productivity focuses on inputs such as labour hours  
**(1)** or number of employees used in producing some output. **(1)**

Formula:

Output/Labour hours or Output/Number of employees

**Note that only 1 mark will be given if only a formula is given.**

- (ii) Just-in-time inventory management is a system where stock is scheduled to arrive at the production site only when needed **(1)** and therefore eliminates the need for holding of raw materials **(1)**

**[4 marks]**

**A maximum of two marks for each definition.**

**Each definition must have two clearly outlined points.**

b. Explain THREE ways in which the implementation of a just-in-time inventory management system would address the problem of rising costs being experienced by Building Contractors Limited.

- **Reduced inventory holding costs (1)** - Just-in-time inventory management system reduces the need for storage/holding of construction materials and inventory. **(1)** This prevents inventory of construction materials from remaining in storage too long until it becomes spoilt or obsolete. **(1)**
- **Improve Efficiencies (1)** Just-in-time inventory management reduces the costs of procuring and managing excess building materials. **(1)** Building Contractors Limited can order construction materials in smaller quantities **(1)** thus reducing the need for massive warehouse space. **(1)** This can therefore free up space for other production, administrative or marketing-related activities. **(1)**
- **Reduce innovation cost (1)**- Building Contractors Limited can adjust their construction design at a faster rate. **(1)** Which shortens the time to deliver innovative designs to customers. **(1)** There would be no dead stock **(1)** because materials are ordered only when needed **(1)** to make products.
- **Improve Quality (1)**-Just-in-time inventory management allows Building Contractors Limited to have fewer items moving on the shop floor at any given time. **(1)** This means that management can focus on optimizing processes that result in better quality goods and services. **(1)**

**[9 marks]**

**1 mark for each way the management information system would address the problem**

**1 mark for each explanation point to a maximum of two marks for each way (32x2)**

c. Discuss THREE strategies which the owner of building contractors can implement to improve labour productivity.

- Training of employees (1) Providing training activities would improve the knowledge and skill set of the employees at Building Contractors Limited (1)  
This in turn should lead to a reduction in mistakes (1) and increase the rate at which they build resulting in less time for construction activities. (1)
- Investments in technology. (1) By acquiring tools and equipment Building Contractors Limited can enhance its construction process. (1) By replacing old, worn out and obsolete tools (shovels, drills) the quality of work and rate of work of employees will increase thus increasing labour productivity. (1) Acquiring new equipment such as cement mixers or back hoes, may lead to a faster completion of the building process. (1)
- Provide incentives for employees. (1) By offering incentives employees at Building Contractors Ltd. will be motivated to increase performance. (1) Incentives such as productivity bonuses, profit sharing or employee awards (1) can encourage employees to meet completion deadlines (1) boost morale, (1) improve attendance (1) and reduce time wasted. (1)

[12 marks]

**Any other feasible responses would be accepted.**

**1 mark for each strategy identified (1x3)**

**1 mark for each discussion point to a maximum of three marks for each strategy (3 x 3)**

**Total 25 marks**

**MODULE 2: Fundamentals of Marketing**Question 2

S.O 2.2.3, 2.2.5, 2.2.10

- (a) (i) Give the meaning for the acronym, 'PESTLE'.

Political, Economic, Sociological, Technological, Legal and Environmental

**[1 mark]**

- (ii) Identify ONE of the four bases that Paulette Peterson would use to segment the consumer markets.

- Demographic
- Psychographic
- Geographic
- Behavioural

**[1 mark]****1 mark for any one of the correct responses**

- (iii) Define the term 'digital marketing'

Digital marketing is any electronic or internet-based strategy (1) used to promote goods and services to customers and/or potential customers (1).

**1 mark for each point stated****[2 marks]**

- (b) Describe THREE psychological factors that would influence the buying behaviour of B and W current or potential customers.

- Motivation (1): B & W will need to consider that persons may be motivated by different needs. (1) and would need to pitch their marketing efforts to respond to consumers' preferences such as safety and security or belongingness. (1)
- Perception (1): Consumers form opinions about banks based on their advertisements, service quality and promotional activities. (1) These opinions may be either positive or negative and may influence whether they do business with B & W or a competitor (1)
- Beliefs (1): Some consumers choose their bank based on how the bank engage in fair business practices or show care for their customers. (1) For example, if B & W were to reduce banking fees for seniors, that could send a strong message to consumers that the bank cares about senior citizens. (1)

**[9 marks]****1 mark for each psychological factor identified (1 x 3)****1 mark for each description point to a maximum of two marks for each response (2 x 3)**

- (c) Discuss TWO points of difference and ONE point of parity that B & W Commercial Bank can assess in order to assist with becoming number one in the banking industry.

**[12 mark]**

Points of difference

- Access to ATM **(1)**: B&W has ATMs attached only to the branches while Leering has their ATMs on University Campuses in the country, major supermarkets and commercial plazas. This is an important point of difference as it offers convenience and accessibility **(1)**. Many persons have busy lifestyles and may find it difficult to travel to a location just to use the ATM. **(1)** B & W may be able to increase its market share if it removes this point of difference. **(1)**
- Multiple foreign currency deposit and withdrawals at ATMs **(1)**:  
Leering allows for deposits and withdrawals in three foreign currencies while B & W only offers transactions in one foreign currency and it is withdrawal only. In today's global economy, individuals as well as businesses are needing to access multiple foreign currencies **(1)**. Having this facility at an ATM significantly increases ease of doing business. **(1)** and therefore B & W is at a great disadvantage in the banking industry because of this point of difference. **(1)**

Point of parity

- Withdrawal of US currency at the ATM **(1)**: Both banks offer withdrawal of US currency at the ATM. The US currency has the highest demand as a foreign currency across the Caribbean. **(1)** The easy access to US currency at the ATM would be appealing to many customers in Leering. **(1)** This facility puts B & W in good standing in the Banking industry in the island. **(1)**

**[12 marks]**

**Accept any other feasible responses.**

**1 mark for each point of difference or point of parity (1 x 3)**

**1 mark for each discussion point to a maximum of three marks for each response (3 x 3)**

**Total 25 marks**

**MODULE 3: Small Business Management**Question 3

S03. 1,3,5.

- (a) Outline two main characteristics of successful entrepreneurs.

**Hardworking (1):** This means that the entrepreneur has to put in a great deal of effort in order to achieve the goals of the business (1).

[2 marks]

**Flexible (1):** An entrepreneur should be willing and able to adapt to changes in the internal and external environment. (1)

[2 marks]

**1 mark for each correct characteristic (1 x 2)**

**1 mark for each outline of characteristic/example to illustrate its use (1 x 2)**

- (b) Explain why EACH of the following may be challenging for Whiskers Pet Shop.

- (i) **Staffing:** As Whiskers Pet Store expands, Rajiv would need to hire additional staff. (1) This would mean additional management activities for Rajiv (1) to supervise and appraise staff performance (1) to ensure their work output contributes to business success. (1)
- (ii) **Trade liberalization:** As a result of trade liberalization, Pets We Love was able to open a branch in Oshawa. (1) Pets We love, being an internationally renowned Pet store, will offer heavy competition to Whiskers (1) and could threaten to erode its profitability. (1)
- (iii) **Intellectual property:** Whiskers Pet Shop, being a highly successful small business is in danger of having his unique products and brand name being stolen. (1)  
Registering a trademark can be a highly complex (1) and expensive process (1). Rajiv may not be able to afford the expense at this time (1)

[9 marks]

**1 mark for each development points to a maximum of three marks for each challenge (3x3)**



(c) Discuss the potential benefits that Whiskers Pet Shop may experience from EACH of the following.

- i E-commerce: Rajiv can reach a wider market for increased sales. **(1)** Customer convenience of shopping online at any time of day or night can increase customer purchases. **(1)** this will also increase his customer base **(1)** and the resultant and sales revenue **(1)**
- ii Managing and controlling: As a sole trader, Rajiv is able to make decisions about the business success without consulting anyone. **(1)** For example, Rajiv can hire new workers without getting consensus from other senior managers. **(1)** He can also make swift changes to the business **(1)** that will help him capitalize on developments in the wider environment. **(1)**
- iii Satisfying customer needs: As a small business owner, Rajiv gets the chance to interact with customers on a personal basis. **(1)** This allows him to get their direct feedback about the quality of his products and services. **(1)** He can use this knowledge to improve business processes **(1)** that ensures customer satisfaction. **(1)** Satisfied customers lead to increased sales **(1)** and greater profitability. **(1)**

**[12 marks]**

**Accept any other feasible responses.**

**1 mark for each discussion point to a maximum of four marks for each response (4 x 3)**

**Total 25 marks**

**SPECIMEN 2023**



TEST CODE **02233032**

MAY/JUNE 2023

**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**

**C A R I B B E A N A D V A N C E D P R O F I C I E N C Y E X A M I N A T I O N ®**

**M A N A G E M E N T O F B U S I N E S S**

**UNIT 2 – Paper 032**

*1 hour 30 minutes*

**READ THE FOLLOWING INSTRUCTIONS CAREFULLY.**

1. This paper consists of a case study and THREE questions. Answer ALL questions.
2. Write your answers in the spaces provided in this booklet.
3. Do NOT write in the margins.
4. 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.**
5. **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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**INSTRUCTION: Read the case and answer the questions that follow.**

**CASE STUDY**

**Deli-Delight**

Paul Palmer is the new president of Deli-Delight, a five-branch fast-food restaurant operating in the Caribbean island of Fogo. During his first three months on the job, it became clear that sales figures were falling. He therefore wanted to increase sales at Deli-Delight in the shortest possible time. The company's database showed that there were approximately 1000 customers islandwide. Typically, the firm sells between 650 and 990 meals per day.

Two-thirds of Deli-Delight's customers are male and one-third are female. Of its customer base, 21 per cent are 20 years or younger; 39 per cent are 21 to 30 years; 30 per cent are 31 to 40 years; six per cent are 41 to 50 years and four per cent are over 50. University students make up 70% of the population while working adults who purchase only one meal per week make up 27%. The three sales promotion strategies used in the past year were coupons, discounts and buy-one-get-one-free.

Deli-Delight typically advertises on the national television station in Fogo Island. There are a few billboards situated around the country. President Palmer has asked you, the researcher, to help him find out which sales promotion strategy is most appealing to customers. He would then expend more resources on such a strategy so that Deli-Delight can be more appealing to consumers.

1. You met with President Palmer to ensure that you clearly understood the nature of the task he has assigned to you. You have advised him that in order to get a comprehensive picture of trends in sales, several projects would need to be conducted. However, you will begin the process of analysing sales over the past year.

As a researcher, you are aware that you must begin this research task with a clearly defined aim along with specific objectives relating to the achievement of that aim.

- (a) Give an appropriate topic for the research.

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**[2 marks]**

- (b) State the aim of the research.

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**[2 marks]**

**GO ON TO THE NEXT PAGE**

- (c) Write THREE specific objectives relating to the aim identified in (b).

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**[6 marks]**

- (d) Discuss ONE reason why it is important to write specific objectives before conducting the research.

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**[4 marks]**

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You need to know if any expert researchers have previously studied customer responsiveness to different sales promotion methods. You have reviewed the relevant literature. However, you are interested in further examining two of the studies that you found.

**Study 1**

Alex Anderson, professor in marketing at Timber University, studied the relationship between sales promotion strategies and product sales at the biggest fast-food chain in Nigeria. The study was done in March 2022. The results of this research showed that sales increased by 15% during the buy-one-get-one-free promotion period. When coupons were offered, sales increased by 11%. During the period the firm offered discounts, sales increased by 8%.

**Study 2**

Another study was published in 2021 by Pat and Paulette Peterson. They both worked at the University of Brandon in Australia. The Peterson sisters studied the movement of sales figures at Nagasaki Automobile Repairs in Japan. On average, there were 760 customers per quarter. They examined how sales moved from 760 customers when the firm advertised or promoted the business. The Peterson sisters used descriptive statistics to analyse the data. The results of this study showed that discounts brought 190 new customers to the repair shop while coupons resulted in 152 new customers to the shop. Product giveaways brought 98 new customers to the repair shop.

- (e) Assume you are about to write the literature review. Discuss the findings of ONE of the preceding studies that you reviewed.

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**[6 marks]**

**Total 20 marks**

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2. Having reviewed the literature about other studies, you feel confident that your study stands a good chance of succeeding. You are now ready to describe how you will conduct your study at Deli-Delight.

- (a) There are three research approaches: quantitative, qualitative and mixed method. Which research approach is BEST suited for this study?

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[1 mark]

- (b) Explain ONE reason for choosing the research approach given at (a).

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[3 marks]

- (c) Describe THREE characteristics of the customer-base population.

This image shows a full page of white paper with horizontal dotted lines, typical of primary school writing paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

**[9 marks]**

- (d) The instrument you will use to collect the data is a document search guide to ensure accuracy of data collection. Explain ONE other reason for using the document search guide.

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**[4 marks]**

- (e) List THREE steps you would take to collect the data.

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**[3 marks]**

**Total 20 marks**



3. The researcher collected data on sales figures over the past 12 months. During those months, three sales promotion strategies were used by the firm. They were buy-one-get-one-free, discounts and coupons. During the buy-one-get-one-free promotion, sales were consistently at a daily average of 1500 meals per day. The discounts promotion strategy lasted for two months and sales ranged between 1135 and 1220 meals per day. However, when the firm gave coupons to customers and potential customers, sales did not increase beyond 1000 meals per day.

(a) Choose ONE appropriate format and present the research findings.

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[4 marks]

(b) Using THREE statements, summarize the data presented in (a).

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[3 marks]

(c) Discuss ONE of the research findings in relation to the literature reviewed in question 1(e).

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[4 marks]

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- (d) State THREE recommendations you would give to President Palmer regarding his choice of promotional strategies.

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**[3 marks]**

- (e) Explain ONE reason for any TWO of the recommendations given in (d).

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**[6 marks]**

**Total 20 marks**

**END OF TEST**

MANAGEMENT OF BUSINESS

UNIT 02  
PAPER 032

KEY AND MARK SCHEME  
SPECIMEN PAPER

## Module 2

Question 1

- (a) Give an appropriate topic for the research.

What is the impact of sales promotion (1) on sales at Deli-Delight? (1)

[2 marks]

**1 mark for each appropriate point (1 x 2)**

- (b) State the aim of the research.

Research aim: The aim of the research is to determine which of the promotional strategies adopted by Deli-Delight (1) in the past 12 months resulted in higher increase of sales. (1)

[2 marks]

**1 mark for each appropriate point (1x2)**

- (c) Write THREE specific objectives relating to the aim identified in (b) above.

Three specific objectives:

- To determine how customer purchases respond to the buy-one-get-one free (1) sales promotion of Deli-Delight in the past year? (1)
- To examine the movement in sales when Deli-Delight conducted the discounts (1) sales promotion in the past year? (1)
- To investigate the relationship between giving coupons to customers (1) and sales at Deli-Delight over the past year? (1)

[6 marks]

- (d) Discuss ONE reason it is important to write specific objectives before conducting the research.

**Guide to the research activities (1):** Research objectives narrow down the research effort (1) and make the conduct of the research manageable. (1) This is so since the researcher will collect and analyze data that only relates to the specific objectives. (1)

[4 marks]

**1 mark for each discussion point (1 x 4)**

- (e) Assume you are about to write the literature review. Discuss the findings of ONE of the studies that you reviewed.

**FIRST STUDY**

Source of Study: Anderson (2022) (1)

**Purpose of Study:** To determine the impact of advertising and promotion on sales of a fast-food outlet in Nigeria. (1)

**Findings:**

1. The study found that sales increased during buy-one-get-one-free promotional strategy. (1) Sales increased by 15%. (1)
2. There was an 11% increase in sales when coupons were offered. (1) The buy-one-get-one-free promotional strategy increased sale by approximately 100% over the discount promotional strategy. (1)

[6 marks]

OR

**SECOND STUDY**

Source of Study: Peterson and Peterson (2021) (1)

**Purpose of Study:** To examine sales and promotional strategies at the Nagasaki Repair Shop in Japan. (1)

**Findings:**

1. The results of this study showed that discounts brought 190 new customers to the repair shop. (1) Customers increased by 25% when discounts were offered. (1)
2. Product giveaways brought in 98 new customers. (1) Product giveaways had the least impact on sales. (1)

Any other feasible response would be accepted.

[6 marks]

Source of the study: 1 mark

Purpose of the study: 1 mark

TWO key findings: 2 marks for EACH of the findings (2 x 2)

**Question 2**

- (a) Which research approach is BEST suited for this study?

**Quantitative research**

**[1 mark]**

- (b) Explain ONE reason for choosing the research approach given at (a).

The research is about analysing sales figures **(1)** which is numerical data **(1)**. Quantitative research is used to analyse numerical data **(1)**

**[3 marks]**

**1 mark for each point given to a maximum of 3 marks.**

- (c) Describe THREE characteristics of the customer-base population.

- **Gender (1):** Approximately sixty-six percent of the population is male **(1)** and thirty-three percent, female. **(1)**
- **Age (1):** The population consists of five age groupings. **(1)** Persons who are over 50 years are least likely to purchase meals from Deli Delight. **(1)**
- **Occupation (1):** University students purchase more than one meal per day **(1)** while working persons purchase only one meal per week. **(1)**

**[9 marks]**

**1 mark for stating each characteristic (1 x 3 = 3)**

**2 marks for full description of each characteristic (2 x 3 = 6)**

- (d) Explain ONE reason for using the document search guide.

Secondary data is being collected **(1)**. Secondary data tends to be voluminous **(1)**. The document search guide has specific requirements for data to be collected **(1)**. This will keep the researcher focused on the data needs. **(1)**

**[4 marks]**

**1 mark for each point given to a maximum of 4 marks.**

(e) List THREE steps you would take to collect the data.

1. Have President Palmer inform the Marketing Manager and the Accounts to you need to review the sales and promotional strategy data.
2. Make an appointment with the managers to gain access to the documentation.
3. Use the document search guide to help you identify specific data required from the documents.

**[3 marks]**

**1 mark for each acceptable step.**

**Question 3**

(a) Choose an appropriate format and present the research findings.

OPTION #1 - TABLE

**Table 1. Sales by promotional strategy**

Promotional method	Average number of meals per day	Percentage increase over the regular maximum of 990
Buy-one-get-one-free	1,500.00	51.52
Discounts	1,177.50	18.94
Coupons	1,000.00	1.01

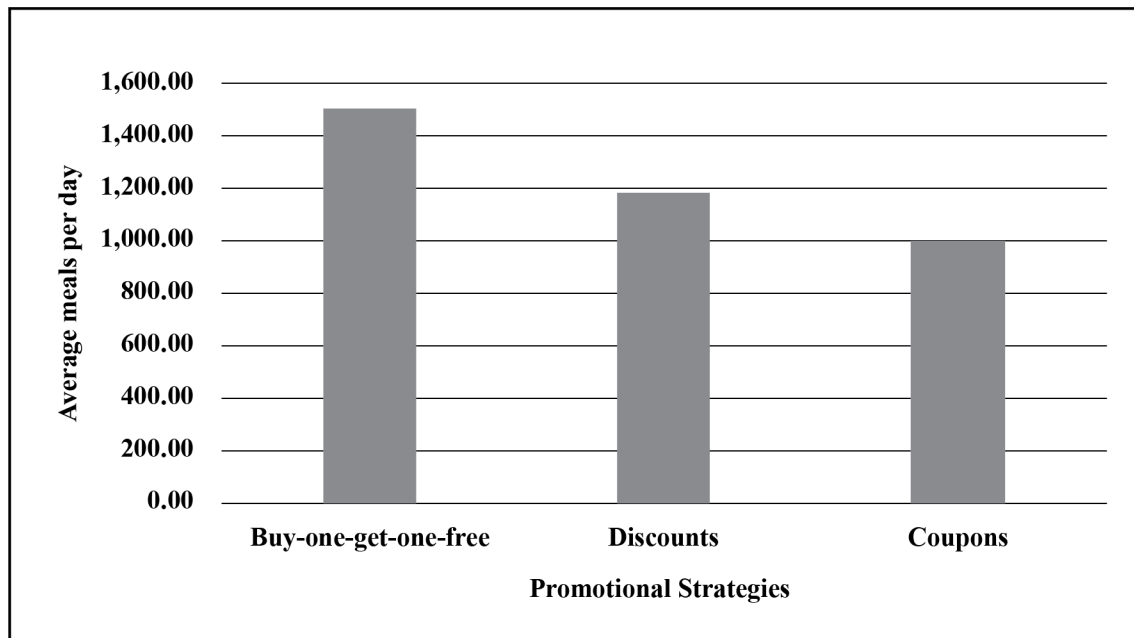
[4 marks]

Correct chart (2)- 1 for appropriate chart, 1 mark for appropriate labelling (title, headings).

Correct data (2)- 1 mark for calculation of daily average for discounts, 1 mark for average for buy-one-get-one and coupons.

OR

OPTION #2 - BAR CHART



**Figure 1: Sales by promotional strategy**

[4 marks]



Correct chart (2)- 1 for appropriate chart, 1 mark for appropriate labelling (title, headings, axes).

Correct data (2)- 1 mark for calculation of daily average for discounts, 1 mark for average for buy-one-get-one and coupons.

OR

OPTION #3 - PIE CHART

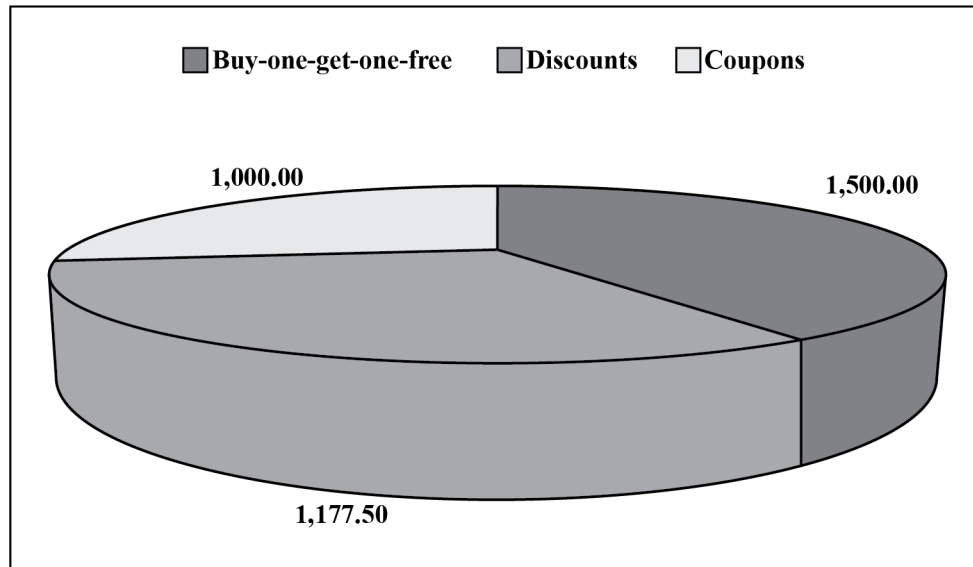


Figure 3: Sales by promotional strategies

[4 marks]

Correct chart (2)- 1 for appropriate chart, 1 mark for appropriate labelling (title, headings, labelling of segments).

Correct data (2)- 1 mark for calculation of daily average for discounts, 1 mark for average for buy-one-get-one and coupons.

(b) Using THREE statements, summarize the data presented in (a).

1. The highest increase in sales was realized during the buy-one-get-one-free sales promotional strategy - 1 mark
2. The coupon offer sales promotional strategy saw negligible increase in sales - **1 mark**
3. Sales during the buy-one-get-one-free sales promotional strategy was approximately 40% more than that during the discount promotional strategy - **1 mark**

[3 marks]

1 mark for each correct statement (1 x 4 = 4)

(c) Discuss ONE of the research findings in relation to the literature reviewed in question 1(e).

- Both this current study and the Anderson (2022) study found that the largest percentage increase in sales happened when the buy-one-get-one-free promotional strategy was used. **(1)** This study found that coupons had minimal impact on sales. **(1)** However, the Anderson (2022) research found that coupons had the second largest increase in sales. **(1)** Whereas this study found that the discounts offer by Deli-Delights increased sales by approximately 19%, The Anderson (2022) study revealed that there was marginal increase in sales when discounts were offered. **(1)**

OR

- Peterson & Peterson's (2021) study revealed that discounts had the greatest impact on sales, **(1)** contrary to this study, which found that the buy-one-get-one-free promotional strategy resulted in the greatest increase in sales. **(1)** coupons had minimal influence on increasing sales in the current study **(1)** while it had a 20% increase in the Peterson & Peterson (2021) study. **(1)**

**[4 marks]**

**1 mark for each discussion point to a maximum of 4 marks**

(d) State TWO recommendations you plan to make to President Palmer with respect to which promotional strategy/strategies he should emphasize.

**Recommendations:**

- Invest more in the buy-one-get-one-free promotional strategy. **1 mark**
- Eliminate the coupons promotional strategy. **1 mark**
- Increase the value of the discount promotional strategy. **1 mark**

**[3 marks]**

**1 mark for each appropriate recommendation**

(e) Explain ONE reason for any TWO of the recommendations given in (d).

- Invest more in the buy-one-get-one-free promotional strategy: Significant increase in sales occurred when the buy-one-get-one-free promotional strategy was used. **(1)** This indicates that customers prefer to receive a free meal from Deli-Delight **(1)** than any of the other promotional offers by the firm. **(1)**
- Eliminate the coupons promotional strategy: Customers do not value the coupon offer by Deli-Delight. **(1)** This is why they do not increase purchases when this promotional offer is given by the firm. **(1)** The resources the firm spends on offering coupons is wasted since they do not gain any significant revenue from the coupon offer. **(1)**

- Increase the value of the discount promotional strategy: The fact that sales increased by approximately 19% during the discounts offer by Deli-Delight, indicates that some customers value getting discounts. **(1)** Even though not as much as they value the buy-one-get-one-free offer. **(1)** If President Palmer were to increase the value of the discount, he would be able to attract more repeat customers **(1)** and even some new customers; **(1)** thus increasing revenue. **(1)**

**[6 marks]**

**1 mark for each explanation point to a maximum of 3 marks (2 x 3)**



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