



**CARIBBEAN
EXAMINATIONS
COUNCIL**

CSEC[®] PRINCIPLES OF BUSINESS



Subject Report with Exemplars

May/June 2024

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN SECONDARY EDUCATION CERTIFICATE[®]
EXAMINATION**

MAY/JUNE 2024

**PRINCIPLES OF BUSINESS
GENERAL PROFICIENCY**

**Copyright © 2024 Caribbean Examinations Council
St Michael, Barbados
All rights reserved.**

Table of Contents

INTRODUCTION	1
PAPER 01 — MULTIPLE CHOICE	2
PAPER 02 — STRUCTURED ESSAY	3
Question 1	3
Question 2	10
Question 3	18
Question 4	25
Question 5	30
Recommendations.....	36
PAPER 032 — ALTERNATIVE TO THE SCHOOL-BASED ASSESSMENT (SBA)	37
Section A: Profile 1 — Operational Plan.....	37
Question 1: Leadership Style.....	38
Question 2: Establishing a Business.....	39
Question 3: Insurance.....	41
Section B: Profile 2 — Marketing Plan.....	42
Question 4: Target Market	42
Question 5: Promotion	44
Question 6: Logistics.....	46
Question 7: Distribution	47
Section C: Profile 3 — Financial Plan	48
Question 8: Financial Institutions.....	48
Question 9: Government Assistance	50
Question 10: Business Finance	51
Question 11: Executive Summary.....	52
Recommendations.....	53

INTRODUCTION

In May/June 2024, approximately 31 931 candidates wrote the Principles of Business General Proficiency examination.

The examination comprised the following papers.

- Paper 01 — Multiple Choice
- Paper 02 — Structured Essay
- Paper 032 — Alternative to School-Based Assessment (Private Candidates)

Paper 01 comprised 60 multiple-choice items taken from the three profiles of the syllabus. The performance of candidates was commendable. The mean mark was 40 out of 60. Scores ranged from 0 to 60.

Paper 02 comprised five compulsory structured-essay questions drawn from across the syllabus. Each question was worth 20 marks. The mean mark was 46 out of 100. Scores ranged from 0 to 99.

Paper 032 is an examination offered to private candidates. Candidates were required to respond to questions based on a case study which contained information for a business plan. The mean mark was 23 out of 40 and marks ranged from 0 to 40.

PAPER 01 — MULTIPLE CHOICE

The general performance of candidates on Paper 01 was very good. Approximately 86 per cent of candidates earned acceptable grades (Grades I–III).

Candidates performed excellently the areas relating to the following topics.

- Types of businesses
- Management functions
- Types of production
- Roles and functions of financial institutions
- Responsibilities of government in an economy

However, candidates performed poorly in areas relating to the following topics.

- Role of an entrepreneur
- Elements of business plan
- Direct taxes
- Types of unemployment

PAPER 02 — STRUCTURED ESSAY

Paper 02 consisted of five essay type questions drawn from the three profiles in the syllabus. Questions 1 and 2 tested objectives in Profile 1 — Organizational Principles; Questions 3 and 4 were drawn from Profile 2 — Promotion and Logistics. Question 5 was drawn from Profile 3 — Finance, Government and Technology. Candidates were required to answer all five questions. Each question was worth 20 marks. Overall, candidates' performance was fair. The mean score was 46 per cent.

Question 1

Question 1 tested candidates' understanding of Section 2 of the syllabus — Internal Organizational Environment. The specific objectives tested were 2.1, 2.2, 2.10 and 2.13. Generally, candidates performed satisfactorily. The mean score was 9.99 out of 20 marks.

Part (a)

For Part (a), candidates were required to list four functions of management. This was done fairly well as most candidates were able to list at least three management functions.

Candidate's Response to Part (a)

Joanna recently graduated from university with a degree in management studies and wants to operate her own business.

- (a) List FOUR management functions that Joanna would be expected to perform in the business.

- **Motivating** — this is by motivating her workers through intrinsic (compliments) and extrinsic rewards (bonuses)
- **Planning** — this is by preparing for events to ensure that her goal is accomplished
- **Delegating** — Passing on responsibilities to her staff to help get tasks done
- **Coordinating** — ensuring that operations go smoothly and that she sources all the necessary factors of production

(4 marks)

Examiner's Comments

The candidate clearly listed four management functions as required and so scored the full four marks. In addition, he/she explained each function accurately. It should be noted that the candidate provided more information than was required as he/she gave a brief description of each function.

Part (b)

For Part (b), candidates were required to state two responsibilities that the business would have to three stakeholders, namely employees, customers and the government.

Candidates' performance was generally unsatisfactory. Only the very outstanding candidates earned full marks. Those candidates who did not earn marks either attempted to describe the stakeholders or they gave responses related to the stakeholders' responsibilities to the business and not the business' responsibilities to the stakeholders.

Candidate's Response to Part (b) (i)

(b) State TWO responsibilities that Joanna's business would have to EACH of the following stakeholders.

(i) Employees

Ensuring to pay employees the minimum
wage ~~required by~~ ^{and nothing} less and providing proper
safe and sanitary working conditions.

(2 marks)

Examiner's Comments

The candidate clearly stated two responsibilities that Joanna's business would have towards employees. The two points listed were major important responsibilities.

Candidate's Response to Part (b) (ii)

(ii) Customers

Providing proper and good quality of goods and
services to her customers at a price that
is affordable and safe for consumption.

(2 marks)

Examiner's Comments

The candidate clearly stated two responsibilities that Joanna's business would have towards customers. The two points listed were major important responsibilities.

Candidate's Response to Part (b) (iii)

(iii) Government

...Paying regular taxes and statutory
...deduction such as National Insurance and PAYE
...from the paychecks of ~~s~~ her staff

(2 marks)

Examiner's Comments

The candidate clearly stated two responsibilities that Joanna's business would have towards the government. The two points listed were major important responsibilities.

Part (c)

In Part (c), candidates were required to state four guidelines, other than effective communication, that Joanna (the prospective entrepreneur) should follow in order to establish and maintain good management and staff relations. Overall, candidates performed satisfactorily. Most of them stated at least two plausible guidelines.

Many of the weaker candidates failed to observe the requirement that their answer should not include effective communication. Therefore, they were unable to earn full marks.

Candidate's Response to Part (c)

- (c) State FOUR guidelines, other than effective communication, that Joanna should follow in order to establish and maintain good management and staff relations.

- Ensuring that her leadership style suits the personalities of her staff in order to better get across to them ✓
 - Proper ~~exp~~ suitable equipment and furniture for employees to work comfortably ✓
 - By treating everyone equally and not discriminating against ~~sex, race~~ ^{sex} and race ✓
 - Motivating staff through intrinsic (compliments) and extrinsic (bonuses) to ~~keep them~~ ^{increase} productivity ✓
- (4 marks)

Examiner's Comments

The candidate was able to state four clear guidelines, other than effective communication, that could be used by the entrepreneur in the scenario to establish and maintain good management and staff relations.

Part (d)

In response to Part (d), candidates were required to explain two strategies for effective communication that should be utilized in the management of the business.

Candidates' responses were generally satisfactory. Some of the most popular acceptable responses included

- having regular staff meetings

- management having an open-door policy
- allowing workers to voice their opinions freely
- utilizing multiple channels of communication such as
 - emails
 - telephone calls
 - text messages
 - notice boards.

To earn all six marks, candidates had to not only state plausible strategies but they were also required to explain the strategies stated.

Weaker candidates either did not reference plausible strategies for effective communication or they failed to adequately explain the strategies mentioned.

Candidate's Response to Part (d)

- (d) Explain TWO strategies for effective communication that Joanna should utilize in the management of the business.

— Implementing suggestion boxes to help gain regular feedback from her employees. This gives each employee the opportunity to voice their opinions and concerns anonymously without fear of risking their job security. It also helps to give introverted employees who may not be confident in speaking an opportunity to participate. With this feedback, Joanna can address issues and implement suggested ideas.

— Hosting regular face-to-face or virtual meetings in order to discuss issues and topics ^{give employees / subordinates} an opportunity to give their input and bring up issues since it may be difficult for them to meet with Joanna herself as she might be busy. This sets dedicated time ^{which} and makes subordinates more motivated to speak up as it shows Joanna cares and values their suggestions.

(6 marks)

Examiner's Comments

The candidate clearly identified two appropriate strategies for effective communication which could be used by the entrepreneur in the management of the business. The candidate also further developed the strategies by explaining how they are effective in helping to enable effective communication in the organization.

Question 2

This question tested objectives from Section 4 of the syllabus — Legal Aspects of Business. The specific objectives tested were 4.1, 4.3, 4.4, 4.6 and 4.7. The question consisted of four parts.

Parts (a) and (b) were based on a short scenario. Candidates were required to do the following.

- Define the term *contract*.
- Identify the characteristic of a simple contract highlighted in the case.
- Describe two other characteristics of a simple contract.
- State whether a named party in the case would be likely to succeed if he were to take legal action against the other party and give a rationale for their answer.

Parts (c) and (d) tested candidates' ability to

- list three characteristics of a specialty contract
- explain, with the use of suitable examples, two ways a contract may be terminated or discharged.

Overall, candidates performed less than satisfactorily. The mean score was 7.43 out of 20 marks.

Part (a) (i)

Candidates were required to define the term *contract*. To earn full marks, they were required to include the two elements of a contract in their definition. These elements were *agreement between two or more parties* and *legally enforceable* (or legally binding).

Most candidates earned at least one mark because they indicated that a contract is an agreement. However, some candidates made no reference to the need for the agreement to be legally enforceable.

Candidate's Response to Part (a) (i)

Paul and Josh exchanged the following text messages.

Paul: Need a deejay for my party on 15th August. Are you available?
Will pay \$6000.

Josh: Yes, I am available and would love to do it. Can you increase the payment to \$6500?

Paul: Glad you're available. Will get back to you regarding the fee.

There was no further communication between Paul and Josh and on 15th August, Josh arrived at the party ready to perform. Josh was furious when Paul informed him that another deejay was hired and he threatened to sue Paul for breach of contract.

(a) (i) Define the term 'contract'.

A contract is a legally binding agreement between two or more parties that outlines the terms and conditions of the agreement.

(2 marks)

(a) (i) Define the term 'contract'.

A contract is an agreement between two or more parties that is legally binding and enforceable in a court of law.

(2 marks)

Examiner's Comments

In the exemplar, the candidate provided an accurate response by including the two required elements.

In Parts (a) (ii) and (iii), candidates were required to identify the characteristic of a simple contract highlighted in the case and to describe two other characteristics of a simple contract, respectively. Overall, candidates' responses were poor.

Part (a) (ii)

Most candidates did not earn the mark because they did not identify *offer and acceptance* as the characteristic highlighted in the case.

Candidate's Response to Part (a) (ii)

(ii) Identify the characteristic of a simple contract highlighted in the case above.

.....offer and acceptance.....

(1 mark)

Examiner's Comments

The candidate was able to correctly identify the characteristic of a simple contract highlighted in the case.

Part (a) (iii)

Candidates' responses to (a) (iii) were only marginally better. Other characteristics of simple contracts that could have been cited by candidates included *capacity*, *consideration*, *genuine consent*, *legality* and *intention to create legal relations*. Each characteristic identified was worth one mark. Candidates were awarded another mark for giving the appropriate description of each characteristic.

Candidate's Response to Part (a) (iii)

- (iii) Describe TWO characteristics of a simple contract, other than that cited in the case above.

① **Consideration**, this refers to the something of value exchanged between the parties to the contract. In this case the consideration is the payment, if Paul agreed for Josh's Deejay services at the party. ② **Legal Capacity**, this refers to the mental and legal ability of parties to enter into a contract. For a contract to be valid, both parties must have a legal capacity to understand the terms to consent to them.

(4 marks)

Examiner's Comments

In this response, the first characteristic described was *consideration*. The candidate gave a definition of *consideration* which was something of value exchanged between the parties, such as the payment for services.

The second characteristic described was *capacity*. The candidate defined *capacity* as the mental and legal ability of parties to enter into a contract. The candidate added that both parties must have the legal capacity to understand the terms in order to consent to them.

Part (b) (i)

For Part (b) (i), candidates were required to state whether the person in the scenario who threatened legal action was likely to succeed. Given the facts of the case, the correct response was *he is not likely to succeed*. This response was given by approximately 50 per cent of candidates.

Candidate's Response to Part (b) (i)

(b) (i) State whether Josh is likely to succeed if he takes legal action against Paul.

~~Yes~~ No ✓

(1 mark)

Examiner's Comments

The candidate correctly stated whether Josh is likely to succeed if he takes legal action against Paul. The response given was *no* and so the candidate was awarded one mark.

Part (b) (ii)

In Part (b) (ii), candidates were required to explain their answer given in Part (b) (i). The most outstanding candidates earned full marks by correctly explaining that there was no contract between the parties because the party to whom the offer had been made (the offeree) responded with a counteroffer that was not accepted by the other party. Therefore, the characteristic of offer and acceptance was not present so there was no contract.

A common incorrect approach to responding to this part was evaluating the merits of the case based on what is considered to be fair or reasonable rather than evaluating it using relevant legal principles.

Many of the weaker candidates incorrectly cited the fact that there was no written agreement between the parties as a reason why legal action would not likely be successful.

Candidate's Response to Part (b) (ii)

(ii) Provide an explanation to support your answer in (b) (i).

There was no clear acceptance of or rejection of
Josh's counter offer by Paul, it could be argued
that there was no legally binding contract
formed between them.

(3 marks)

Examiner's Comments

The candidate provided a correct explanation to support the answer given in Part (b) (i). The explanation given was there was no clear acceptance of Josh's counteroffer by Paul and therefore there was no legally binding contract. The candidate demonstrated that he/she had the correct knowledge of contracts and so scored full marks.

Part (c)

Part (c) required candidates to list three characteristics of specialty contracts. Overall, this part was well done as most candidates listed at least two correct characteristics. Correct responses included *signed, sealed, delivered, evidenced in writing* and *witnessed*.

Candidate's Response to Part (c)

(c) List THREE characteristics of a specialty contract.

- ① Formal writing ✓
- ② Special formalities e.g. a seal ✓ or witness signatures ✓
- ③ Specific Types such as deeds, negotiable instruments (bills of exchange) and contracts under seal

(3 marks)

Examiner's Comments

The candidate was able to correctly list three characteristics of a specialty contract. The characteristics given were *written, sealed* and *signed* and so the candidate was awarded full marks.

Part (d)

Part (d) required candidates to explain, using suitable examples, two ways by which a contract may be terminated or discharged. Candidates' performance was generally satisfactory. *Death, performance, lapse of time* and *breach* were the most cited correct means of termination.

Many of the weaker candidates gave 'the absence of essential characteristics of simple contracts' as a way of discharging a contract.

No marks were awarded when candidates mentioned types of incapacity that would make a person unable to enter a contract rather than ways of terminating a contract. Incapacity by virtue of being intoxicated or not having attained the legal age of majority would prevent the creation of a contract rather than be conditions for terminating an existing contract.

Candidate's Response to Part (d)

(d) Explain, with the use of suitable examples, TWO ways by which a contract may be terminated or discharged.

① ~~Form~~ ^{Performance} a contract may be discharged through performance when both parties fulfill their respective obligations as outlined in the contract. Once the agreed-upon tasks or duties are completed to the satisfaction of both parties the contract comes to an end. e.g. Company A contracts with Company B to deliver a shipment of goods by a ^{certain} specified date and Company B successfully does so and in the specified condition the contract is discharged through performance.

② Mutual Agreement - whereby both parties agree to end the contract before all obligations are fulfilled. This can be done through mutual consent expressed verbally or in writing. e.g. if two parties enter a contract for sale of property but later decide to cancel the agreement due to various circumstances, they may mutually agree to terminate the contract and release each other from further obligations.

(6 marks)

Examiner's Comments

The candidate correctly explained, using suitable examples, two ways by which a contract may be terminated or discharged. The candidate listed *performance* and *mutual agreement* as two ways to terminate a contract. He/she explained the two ways using suitable examples. The candidates scored six marks.

Question 3

Question 3 tested objectives from Section 5 of the syllabus — Production. The specific objectives tested were 5.1, 5.2, 5.3, 5.4 and 5.7.

Overall, candidates performed less than satisfactorily. The mean score was 7.46 out of 20 marks.

Part (a)

Candidates performed best on Part (a). They were required to state two factors of production. Most candidates were able to state at least one correct factor of production. Some candidates not only identified two factors of production but they explained each factor given. Many of the weaker candidates gave types and levels of production for factors of production.

Candidate's Response to Part (a)

(a) State TWO factors of production.

✓ *land - All natural resources used in the production process*
.....
.....
✓ *labour - The human efforts that go into production*
.....
(2 marks)

Examiner's Comments

The candidate identified two factors of production, *land* and *labour*, and explained them.

Part (b) (i)

In response to Part (b) (i), candidates were required to identify one major natural resource found in the Caribbean. Most candidates were able to do so. The most popular responses included oil, bauxite, agricultural produce and beaches.

Candidate's Response to Part (b) (i)

(b) (i) Identify ONE **major** natural resource found in the Caribbean.

Bauxite



(1 mark)

Examiner's Comments

The candidate stated that bauxite is a natural resource found in the Caribbean.

Part (b) (ii)

Part (b) (ii) required candidates to state one industry developed from the natural resource identified. Many candidates were unable to link the natural resource named to an appropriate industry. Some candidates simply added the word industry to the natural resource identified in Part (b) (i).

Candidate's Response to Part (b) (ii)

(ii) State ONE industry developed from the natural resource identified in (b) (i).

Aluminium Industry



(1 mark)

Examiner's Comments

The candidate stated that the aluminum industry is the industry developed from bauxite.

Part (c)

For Part (c), candidates were required to apply their understanding of types of production and levels of production to specific activities. They were presented in a table which candidates were required to complete by indicating the appropriate type of production and level of production for each activity. Overall, candidates performed poorly. Most of them were awarded fewer than three of the six marks available.

Candidate’s Response to Part (c) (i)

- (c) The table below describes four different production activities.
- Complete the table to show the classification of EACH activity by type of production and level of production. An example has been provided for you.

	Activity	Type of Production	Level of Production
Example	Oakwood Furnishing Ltd makes wooden furniture for sale to retail stores throughout the country.	Manufacturing	Domestic consumption
(i)	Prince Mackie, a Caribbean soca artiste, performs across the Caribbean, Europe and North America.	Service ✓	Export ✓

Examiner’s Comments

The candidate correctly identified *service* as the type of production and *export* as the level of production for the activity given.

Candidate’s Response to Part (c) (ii)

(ii)	Blue Waters Fishing Cooperative, located in the parish of St Theresa, supplies fresh fish and other seafood to restaurants and supermarkets in St Theresa and adjoining parishes.	Extracting Service or Extracting ✓	Domestic consumption ✓
------	---	--	---------------------------

Examiner's Comments

In Part (c) (ii), the candidate correctly identified two correct options for the type of production, *service* or *extracting*, and gave the correct response, *domestic consumption*, for the level of production.

Candidate's Response to Part (c) (iii)

(iii)	Justin makes school uniforms for his children and other relatives.	Manufacturing ✓	Subsistence ✓
-------	--	-----------------	---------------

Examiner's Comments

The candidate correctly identified *manufacturing* as the type of production and *subsistence* as the level of production for the activity given in Part (c) (iii).

Part (d)

Part (d) tested candidates' ability to differentiate between the concepts of production and productivity. They were given the following stimulus and asked to explain the meaning of the statement, clearly differentiating between production and productivity.

Generally, candidates gave unsatisfactory responses. Most candidates demonstrated that they had knowledge and understanding of the concept of production but they did not show that they understood productivity. Therefore, they were unable to differentiate between the two concepts.

Candidate's Response to Part (d)

- (d) The general manager of Premium Chocolate Factory made the following statement to the board of directors.

“Production for the year 2021 was up 15% over the previous year, but overall productivity declined by 10%”.

Explain the meaning of the statement above, clearly differentiating between ‘production’ and ‘productivity’.

The statement above indicates that while “production” increased by 15% as compared to the previous year productivity decreased by 10%. Firstly, production is the conversion of raw materials/resources into finished goods and services. for eg: converting sugar cane (raw material) into sugar (finished product). while productivity is a measure of economic activity. it measures the amount of output produced compared to the value of input. i.e it is a measure of output per unit input ∴ the formula is $\text{output} / \text{input}$

(4 marks)

Examiner's Comments

In the exemplar, the candidate explained the statement given. He/she was able to clearly define production and productivity. The candidate linked productivity/efficiency to reducing waste and increasing profitability.

Part (e)

Part (e) was designed to test candidates' ability to explain likely factors leading to increased productivity of a named resort. Overall, candidates performed fairly well. Among the most common factors cited were increased salaries, improved working conditions, provision of better equipment for the staff, utilization of motivational techniques by management and democratic style of leadership employed by managers.

Candidate's Response to Part (e)

- (e) A recent survey indicated that there was a significant increase in the productivity of the staff of Sunshine Beach Resort when compared with the previous two years.

Explain TWO likely reasons for the increased productivity of the staff of Sunshine Beach Resort.

Increased productivity can be due to the staff ~~to~~ being more informed on what to get done. They could then work better as a team knowing everyone has the same goal in mind. They are more educated and well trained.

2. Training for things can make employees more specialised which would help in the productivity being increased. Work load would be able to be split and being able to operate in more than one field could increase productivity of the business.

(6 marks)

Examiner's Comments

The candidate identified *productivity* and *teamwork* as the two reasons for increased productivity. He/she developed each response and so earned full marks.

Question 4

This question was based on objectives from Section 6 — Marketing. The specific objectives tested were 6.1, 6.2, 6.3 and 6.4.

Overall, candidates performed satisfactorily. The mean score was 10.94 out of 20 marks.

Part (a)

In response to Part (a), candidates were required to define the terms *market* and *marketing*. Generally, this was fairly well done.

Candidate's Response to Part (a) (i)

(a) Define EACH of the following terms.

(i) Market

A market is a situation in which the buyer and seller meet for the exchange of goods to satisfy the needs of the buyer and to make profit.

(2 marks)

Examiner's Comments

The candidate provided a comprehensive response. In the definition, he/she highlighted that in a market there is an exchange of goods between buyers and sellers. The candidate emphasized the benefits to both parties.

Candidate's Response to Part (a) (ii)

(ii) Marketing

Marketing refers to activities carried out by a business to identify, anticipate and meet consumer requirements with the aim of making a profit.

(2 marks)

Examiner's Comments

The candidate's response was highly developed. In it, he/she indicated the firm's use of marketing activities beyond mere advertising. It also effectively outlined the purposes or benefits of these activities for a business.

Part (b)

Part (b) was the part on which candidates performed best. They were required to list the four elements of the traditional marketing mix. A frequent error made by candidates was to list marketing activities as elements of the traditional marketing mix.

Candidate's Response to Part (b)

(b) List the FOUR elements of the traditional marketing mix.

1) Price

2) Place

3) Promotion

4) Product

(4 marks)

Examiner's Comments

Candidates were asked to list the four elements or the 4Ps of the traditional marketing mix. The candidate provided the correct answers which were *product, price, place, and promotion*.

Part (c)

Candidates were required to describe two marketing activities, namely branding and sales promotion, and state an example of each activity. Overall, candidates provided satisfactory responses. Candidates demonstrated that they had some knowledge of the relevant content. Some candidates failed to adequately develop their points and to give examples of each activity as required.

Candidate's Response to Part (c) (i)

(c) Describe EACH of the following marketing activities. State ONE example of EACH activity.

(i) Branding

Branding is the process of using some sort of identification, such as a logo, sign, symbol, sound, phrase, etc. to specify a company or organization's product/service. For example, Nike uses a checkmark or 'tick' symbol to specify and identify their brand. Once registered other companies cannot use that identification on their products.

(3 marks)

Examiner's Comments

The candidate provided a comprehensive description of branding and included a real-life or creative example to maximize his/her score.

Candidate's Response to Part (c) (ii)

(ii) Sales promotion

..... Sales promotion refer to the short term incentives in
..... which the business employs to encourage consumers
..... to purchase a good or ~~service~~ service. An example of
..... this is, Sampling, we can see in local retailers/wholesalers
..... such as PriceSmart, there are often samples of new
..... products for customers to try before they purchase them.
(3 marks)

Examiner's Comments

The candidate provided a well-developed response for sales promotion backed by appropriate examples.

Part (d)

Part (d) was based on a scenario about an entrepreneur who decided to produce and sell a new brand of hand sanitizers in response to the COVID-19 pandemic. The entrepreneur became disappointed when the sales of her sanitizers were below her expectation. Candidates were required to explain two factors that could have influenced consumers' response to a new hand sanitizer.

Candidates' performance was fairly good. Most candidates were able to suggest at least one plausible factor that could have influenced the response of consumers. Among the most popular responses were

- the price of the product
- loyalty to other brands
- the pandemic having come to an end
- the quality of the product
- consumers' lack of awareness of the new product
- a reduction in consumers' purchasing power.

Candidate's Response to Part (d)

- (d) The COVID-19 pandemic presented Pat with a business opportunity to manufacture and sell hand sanitizers. Initially she was extremely optimistic, as she thought that the demand for her product would have been great. After one year in operation, Pat was disappointed that the sales of her hand sanitizers were not as she expected.

Explain TWO factors that may have influenced the consumers' response to Pat's hand sanitizers.

The consumers may not have purchased much of ~~gravitated towards~~ Pat's hand sanitizers because they were aware of a cheaper substitute, or something they can use in place of the hand sanitizers. Perhaps buying alcohol was much cheaper than buying the hand sanitizer, and because they both serve the same purpose, consumers may have decided to purchase the alcohol instead. Pat's hand sanitizers may have also not been of a good quality. For example they made people's hands sticky or only got rid of 70% of germs. Persons would choose to buy a better quality hand sanitizer that for example kills 99.90% of germs and leaves their hands feeling refreshed. To conclude, quality of the good and the price of the substitute good are 2 factors that may have contributed to consumers' response to Pat's hand sanitizers. (6 marks)

Examiner's Comments

The candidate provided a well-developed response in which he/she focused on key factors such as the quality of product, the existence of cheaper substitutes and loyalty to other brands that would have influenced consumers' responses toward the products offered by the entrepreneur in the scenario. As a result, he/she was able to gain the full six marks.

Question 5

This question tested objectives from Section 10 of the syllabus — Technology and the Global Business Environment. The specific objectives tested were 10.2, 10.3, 10.4, 10.5 and 10.6.

Overall, candidates' performance was satisfactory. The mean score was 10.30 out of 20 marks.

Part (a)

Candidates performed best on Part (a). In (a) (i), the requirement was to state four ways in which Information and Communications Technology (ICT) has influenced banking and finance operations. Most candidates were able to state at least two ways ICT has influenced banking and finance operations.

Among the most popular responses were

- banking via automated teller machines
- online banking
- debit cards and credit cards
- payment of bills on-line
- facilitating mobile wallets
- provides for alternative forms of investments such as cryptocurrencies.

Some candidates referred to technological tools or applications without relating them to banking or finance.

Candidate's Response to Part (a) (i)

- (a) (i) State FOUR ways in which information and communications technology (ICT) has influenced banking and finance operations.

Four ways in which information and communications technology has influenced banking and finance operations is by introducing ATMs to the banking systems by making operations quicker, allowing for e-banking so you can deposit online to your account, Credit Cards and Debit Cards as you can trade with those cards and Mobile Wallet transferring (4 marks)

Examiner's Comments

The candidate demonstrated that he/she had a clear understanding of the ways in which ICT has influenced banking and finance operations.

Part (a) (ii)

For Part (a) (ii), candidates were required to identify two computer software programmes designed for use in business. Overall, this was well done. Candidates scored one mark each for listing programmes such as *SAGE*, *QuickBooks*, *AUTOCAD*, *AUTOCAM*, *Peachtree* and *Access*.

Some candidates listed resources other than software programmes. The internet was a popular answer given by many of these candidates.

Candidate's Response to Part (a) (ii)

(ii) Identify TWO computer software programmes designed for use in business.

Two computer software
programs designed for use in
business is CAD (Computer aided design)
and Portnet. (2 marks)



Examiner's Comments

The candidate was able to correctly identify two computer programmes used in the business world.

Part (b)

In response to Part (b), candidates were required to distinguish between e-business and e-commerce. Overall, this was not well done. Most candidates seemed conversant with the term *e-commerce* but were less familiar with e-business and were therefore not able to distinguish between the two.

Candidate's Response to Part (b)

(b) Distinguish between 'e-business' and 'e-commerce'.

E-commerce is the use of ~~technol~~ technology to purchase ^{or sell} ~~goods~~ online goods and services online. However E-business is the use of technology to manage the operations ~~and~~ ^{and} functions within a business online.

Examiner's Comments

The candidate showed that he/she had a full understanding of the terms *e-business* and *e-commerce*. He/she was able to accurately distinguish between the two.

Part (c)

For Part (c), candidates were required to state four ways in which ICT could improve the operation of a business. Overall, the performance of candidates was generally satisfactory. Most candidates displayed sufficient understanding of the relevant concepts and therefore were awarded at least two of the four available marks. Some of the more frequently stated responses included

- facilitates easier storage and retrieval of data
- facilitates faster and cheaper means of communication
- facilitates employees working remotely
- enhances inventory management
- enables more efficient production of goods
- increases potential market by facilitating e-commerce.

Candidate's Response to Part (c)

(c) State FOUR ways in which ICT could improve the operations of a business.

- 1) ~~Efficient~~
- 2) Saves on time ✓
- 3) It can help the business keep customer information ✓
- 4) It can help promote the good/service ✓
- 5) E-commerce ✓
- 6) E-business SEEN

Examiner's Comments

The candidate demonstrated knowledge of four ways in which ICT improves the operations of a business.

Part (d)

In Part (d), candidates were required to explain two privacy-related issues that have arisen due to the unethical use of ICT. Some of the issues included *hacking, phishing, identity theft, scamming* and *unauthorized disclosure of data*.

Candidate's Response to Part (d)

- (d) The unethical use of ICT poses a significant challenge to businesses. One such issue is that of privacy.

Explain TWO issues related to privacy that have arisen due to the unethical use of ICT.

+ Identity Theft ✓ - Phishing links can be used to collect data from vulnerable individuals ✓. Usually, this identity is stolen and sold illegally to others, typically for illegal purposes ✓.

+ Scamming ✓ - This entails setting up a fake good or service online, requiring persons to pay, but then may steal their info or simply not send the good or service promised because it never truly existed ✓.

Examiner's Comments

The candidate demonstrated that he/she had a clear understanding of the issues related to privacy because of the unethical use of ICT. The candidate was able to accurately explain two of these issues.

Recommendations

- Teachers are urged to assist students in understanding the meaning of instructions such as *list*, *outline*, *describe* and *explain* in responding to examination questions.
- Students are encouraged to utilize the Principles of Business syllabus and other resources available on the CXC site in their preparation for the examination.
- The development of a glossary of terms relevant to the syllabus content (for example, productivity, levels of production, marketing) could be undertaken as a class or group project.
- Teachers are urged to utilize varied methods of instruction, including debates, discussions and guest speakers, in the delivery of the syllabus content.

PAPER 032 — ALTERNATIVE TO THE SCHOOL-BASED ASSESSMENT (SBA)

Paper 032 consisted of a case study and eleven questions grouped according to the three profiles outlined in the Principles of Business syllabus. The case provided was that of three enterprising friends who decided to pool their financial resources and expertise to start a mobile spa called Pink Orchid Spa. The questions tested candidates' ability to apply their knowledge and understanding of the syllabus content to the facts of the case presented.

Overall, candidates performed creditably. The mean score was 23 out of 40.

Section A: Profile 1 — Operational Plan

This section related to Profile 1 of the syllabus — Organizational Principles. Candidates were required to answer three questions worth a total of ten marks. The specific objectives tested were 2.6, 3.7, 3.11 and 4.10. The mean score was 4.96.

Six months into the COVID-19 pandemic, Paige, Olivia and Sienna were all made redundant from their jobs in the spa of Hotel Mygo. The three friends were each provided with severance packages and Paige suggested that they invest in a fully equipped mobile spa where they could make use of their varied skills. They decided that the business should be named Pink Orchid Spa and that the first step in setting up the business would be to conduct a feasibility study. The friends agreed that Paige, who had some managerial experience and believed in involving others in the decision-making process, would be the operations manager. She would be responsible for booking clients, collecting payments and handling expenses. Olivia would be responsible for providing nail care services, while Sienna would provide massages to clients and drive the van. The three friends set out to purchase a suitable van and to seek information on the process of and requirements for insuring it.

Question 1: Leadership Style

Candidates were required to identify the leadership style of the intended operations manager. Generally, candidates performed well. Most of them correctly identified the leadership style of the intended operations manager as *democratic* or *participatory*. Some candidates were unable to differentiate between the type of leadership and the type of legal structure.

Candidate's Response to Question 1

Identify the leadership style of Paige who is the intended operations manager.

...Paige has a democratic leadership style.....


(1 mark)

Examiner's Comments

The candidate correctly identified the type of leadership style as *democratic*.

Question 2: Establishing a Business

Question 2 was divided into two parts.

Part (a)

In Part (a), candidates were required to list three essential steps that the prospective proprietors should take when establishing the business. This was well done. Most candidates scored at least two marks. The most popular responses included *securing financing, registering the business, conducting market research* and *hiring staff*.

Some candidates did not understand the concept and instead referred to characteristics of an entrepreneur.

Candidate's Response to Part (a)

- (a) List THREE essential steps that the friends should take when establishing the business.

Three essential steps that the friends should take is researching about the wants and needs from customers, conceptualizing the business and raising funds for the business.

(3 marks)

Examiner's Comments

The candidate was able to clearly identify three essential steps to take when establishing a business.

Part (b)

In response to Part (b), candidates were required to suggest three reasons why the prospective entrepreneurs should conduct a feasibility study before establishing the business. Candidates demonstrated that they had a fairly good understanding of why there is a need for a feasibility study. They stated reasons such as

- so the prospective entrepreneurs could make a determination of the market
- to know the amount of capital they would need
- to decide on the location of the business.

Some of the common incorrect responses included 'making a profit', 'ensuring the business operates properly' and 'knowing how to operate the business'.

Candidate's Response to Part (b)

- (b) Suggest THREE reasons why it is important for the friends to conduct a feasibility study before establishing the business.

Three reasons why it is important for the friends to conduct a feasibility study is to make sure that what the business is doing would be successful, to see the wants and needs of a customer and to research on pricing for products to make sure they gain a lot of customers.

(3 marks)

Examiner's Comments

The candidate identified three reasons for conducting a feasibility study before establishing a business.

Question 3: Insurance

Candidates were required to explain to the intended operations manager one of two insurance principles — utmost good faith or indemnity. Candidates' responses were generally poor. Many candidates opted not to attempt the question.

Candidate's Response to Question 3

Explain to Paige the importance of any ONE of the following insurance principles when insuring the spa's van.

- Utmost good faith
- Indemnity

Utmost good faith refers to an insurance principle which means that both the insurance company and the intended policy holder must be honest and forthcoming with all the relevant information required by the insurance company before the policy is signed off on.

(3 marks)

Examiner's Comments

The candidate understood the principle of utmost good faith and referred to the need for honesty on the part of both the insurance company and the policy holder.

Section B: Profile 2 — Marketing Plan

This section was based on Profile 2 of the syllabus — Promotion and Logistics. There were four questions, each worth a total of twenty marks. The specific objectives tested were 6.2, 6.6, 7.8 and 7.10. The mean score was 12.97.

To reduce costs, Paige decided to order supplies of body scrubs, oils, and other necessary cosmetics in bulk from an overseas producer. These floral-scented, hypoallergenic products would be unique to Pink Orchid Spa. The friends plan to have a grand launch where potential clients would be invited to view the mobile spa and experience its services. They also decided to create their own website to promote the launch and facilitate the booking of appointments for their clients. Paige, Olivia and Sienna are also thinking of using social media platforms such as Facebook, TikTok and Instagram to create greater awareness of the business, which could lead to increased sales and greater profits. They also plan to use a global positioning system (GPS) to assist in providing good customer service.

Question 4: Target Market

For this question, candidates were required to list three groups of customers who are likely to become the target market for the proposed business.

Overall, candidates demonstrated that they had a good understanding of the concept. The target markets identified included *athletes, the elderly, bridal party members, teachers, teens, couples* and *people requiring special types of skincare*.

Some candidates did not understand the concept of a target market and provided incorrect answers by mentioning social media platforms such as Facebook instead of identifying target groups who would be interested in patronizing the spa.

Candidate's Response to Question 4 — Sample 1

List THREE groups of customers who are the likely target market of Pink Orchid Spa.

Three groups of customers who are likely target market of Pink Orchid Spa are athletes, teachers and the elderly.

(3 marks)

Candidate's Response to Question 4 — Sample 2

List THREE groups of customers who are the likely target market of Pink Orchid Spa.

Teenagers ✓
Athletes ✓
Tourists ✓
.....
.....

(3 marks)

Examiner's Comments

These candidates provided very good responses to the question by identifying appropriate target groups for the spa/business mentioned in the case study.

Question 5: Promotion

Question 5 consisted of three parts.

Part (a)

Part (a) required candidates to describe two ways in which Pink Orchid Spa could promote its services, other than through the use of a website and social media platforms. Most candidates were able to not only name the means of promotion, but they also gave appropriate descriptions and therefore scored all four marks. The means of promotion suggested included *television advertisements*, *posters* and *discounts*.

Candidate's Response to Part (a)

- (a) Describe TWO ways in which Pink Orchid Spa could promote its services, other than through the use of a website and social media platforms.

✓
Sampling: Pink Orchid Spa could allow for potential customers to try the floral-scented, hypoallergenic products that are unique to the business. This would turn these potential customers into actual customers, providing that they like the product that they were given the opportunity to try.

✓
Loyalty cards: Pink Orchid Spa could give their regular customers loyalty cards, in which after a certain amount of times ~~purchase~~ attending the spa, they get one day free or a special service. ✓

(4 marks)

Examiner's Comments

The candidate correctly identified sampling and loyalty cards as alternative ways to promote the spa and went on to effectively describe their uses or benefits.

Part (b)

In Part (b), candidates were asked to suggest two features, other than an appointment system, that could be included on the spa's website to attract customers. Popular appropriate responses included a discount strategy, giveaways, special deals and care packages.

Candidate's Response to Part (b)

- (b) Apart from an appointment system, suggest TWO features that could be included on the spa's website to attract customers to the business.

Two features that could be included on the website are (1) live chats on the websites (2) Special discounts and rewards.

(2 marks)

Examiner's Comments

The candidate provided very good suggestions such as *online chats, special discounts, portfolio of work, and videos showcasing their services.*

Part (c)

For Part (c), candidates were required to outline two benefits the spa could gain by utilizing social media platforms.

Candidate's Response to Part (c)

- (c) Outline TWO benefits Pink Orchid Spa could gain by utilizing social media platforms.

① The ability to target a wider audience. Social media platforms have the ability to reach a wider audience or persons and to inform them of your services.
② They are able to foster a closer relationship with their customers and respond to messages and questions quickly.

(4 marks)

Examiner's Comments

The candidate effectively highlighted the ability of the business to reach a wider audience and develop customer relationships. The response was well developed and therefore the candidate earned full marks.

Question 6: Logistics

Candidates were required to outline two ways in which a global positioning system (GPS) could assist Pink Orchid Spa in providing good customer service. This question seemed to have been the most challenging in this section. Overall, candidates' responses were fair.

Candidate's Response to Question 6

Outline TWO ways in which a global positioning system (GPS) could assist Pink Orchid Spa in providing good customer service.

- 1.) GPS will allow the Spa to arrive at destinations faster due to it 
providing maps and directions (some ^{areas} locations may be difficult to locate 
when travelling.) 
- 2.) GPS allows the Spa to keep a track of their goods that is being shipped 
from overseas and this will allow them to determine the level of services or
products they can provide or if they need to find an alternative. 

(4 marks)

Examiner's Comments

The candidate provided appropriate responses in which he/she focused on how GPS would assist the spa in ensuring customer satisfaction.

Question 7: Distribution

Candidates were required to explain one challenge that Paige (the prospective operations manager) may encounter when ordering supplies for the business from overseas producers. Overall, candidates performed satisfactorily.

Candidate's Response to Question 7

Explain ONE challenge that Paige may encounter when ordering supplies for the business from overseas producers.

-  1) Delayed shipment: when ordering supplies overseas, anything could occur to disrupt the chain of distribution like natural disasters. These occurrences delay the arrival of goods and Paige may then be unable to provide products and services ~~to~~ due to a lack of it.
- 
- 
-
-

(3 marks)

Examiner's Comments

The candidate effectively addressed the question by highlighting a significant challenge the spa might face when ordering supplies overseas. He/she provided a well-crafted and clear response.

Section C: Profile 3 — Financial Plan

This section was based on Profile 3 of the syllabus — Finance, Government and Technology. There were four questions and they were worth a total of ten marks. The specific objectives tested were 8.2, 8.9 and 9.5. The mean score was 4.71.

The owners wanted to have a fully equipped van to offer first-class service, which would cost them an initial investment of \$75 000. After pooling their existing resources, the friends had a total of \$60 000, and so they needed a loan to cover the shortfall. They agreed to explore the option of either getting a loan from the credit union, where they are all members, or to seek assistance from the government. When they commence operations, Paige would be responsible for ensuring that the record-keeping of the business is always up to date. Additionally, she must utilize financial records such as income statements and balance sheets to ensure that the business runs smoothly.

Question 8: Financial Institutions

Candidates were required to state two advantages of using the credit union to provide a loan to cover the shortfall (in start-up funds). Overall, their performance was satisfactory.

Appropriate responses include that the prospective entrepreneurs were more likely to benefit from

- low interest rates
- faster and cheaper processing of the loan
- more favourable pay-back period
- easier application process
- a savings option that is usually attached to credit union loans.

Candidate's Response to Question 8

State TWO advantages of using the credit union to provide the loan to cover the shortfall.

A credit union provides loans at better terms, that is lower interest rates, ~~with~~ often with longer deadlines of repayment than banks & less requirements are necessary to receive a loan from a credit union and as all three owners are already members, this lowers the chance of being denied the loan.

(2 marks)

Examiner's Comments

The candidate clearly understood the question and provided two suitable advantages of using the credit union for a loan.

Question 9: Government Assistance

This question tested candidates' ability to list three forms of government assistance that could be provided to Pink Orchid Spa. Candidates' performance was fair. Most candidates were able to list at least three plausible forms of government assistance. Forms of assistance included

- provision of cash grants
- interest-free loans
- subsidies
- tax holiday
- reduction
- elimination of import duties
- training employees.

Candidate's Response to Question 9

List THREE forms of government assistance that could be provided to Pink Orchid Spa.

- 1) Subsidies ✓
 - 2) Grants ✓
 - 3) Training programmes ✓
-

(3 marks)

Examiner's Comments

The candidate was able to accurately list three forms of assistance that the government could provide to Pink Orchid Spa.

Question 10: Business Finance

For Question 10, candidates were required to outline one purpose of the business preparing an income statement. Overall, candidates' performance was satisfactory. However, many candidates merely stated the purpose without developing the point.

Candidate's Response to Question 10

Outline ONE purpose of Pink Orchid Spa preparing an income statement.

An income statement is a type of final account. By preparing an income statement, Paige would know whether Pink Orchid Spa is making a profit or a loss and see how they can either increase their profit or turn their loss into a profit.

(2 marks)

Examiner's Comments

The candidate showed that he/she had a clear understanding of an income statement and was able to fully outline one purpose of Pink Orchid preparing one.

Question 11: Executive Summary

Candidates were required to describe the overall business operation of Pink Orchid Spa in one paragraph, including relevant information from the three main areas of the business plan.

Candidate's Response to Question 11

Describe the overall business operation of Pink Orchid Spa in ONE paragraph, including relevant information from the THREE main areas of the business plan.

Pink Orchid Spa is a business owned by Paige, Olivia and Sienna. Paige is the operations manager, due to her democratic style of leadership. The business includes a mobile spa which is driven by Sienna who also provides massages; and nail care provided by Olivia. In establishing the business, they plan to carry out the steps of conceptualizing, planning and sourcing funds. They also plan to conduct a feasibility study to determine the viability of the business. Pink Orchid Spa plans to promote their services via social media platforms, a website and by the use of sampling and loyalty cards to reach their target market of young women and teenagers amongst others. They also plan to use a Global Positioning System to assist in providing good customer service and to order supplies from overseas producers to cut costs in bulk, to cut costs. To acquire a fully equipped van, in which they plan to insure, they need assistance either from the government or a loan from the credit union.

(3 marks)

Examiner's Comments

The candidate wrote a comprehensive summary which contained all three elements of the business plan. The summary was written in one paragraph.

Recommendations

Candidates are urged to

- carefully read the questions before attempting to provide answers
- pay attention to the meaning of instructions such as *list*, *outline*, *describe* and *explain*
- Use the syllabus to familiarize themselves with the subject content
- Practise using past paper questions.

Teachers are encouraged to

- assist students in writing executive summaries by assigning them such tasks and providing feedback on their efforts.
- urge students to join entrepreneurial clubs to help them better understand business concepts and operations.