

**FORM 3** **BUSINESS STUDIES** **TIME: 1h 30min**

Name: \_\_\_\_\_

Class: \_\_\_\_\_

**FOR OFFICIAL USE ONLY**

**MARKS**

SECTION	A	B	C1	C2	D	TOTAL
MARKS	20	20	20	20	20	100
STUDENT'S MARK						

**SECTION A****ANSWER ALL QUESTIONS IN THIS SECTION****Tick the correct answer in the space provided. Each question carries 2 marks**

1. The following can be classified as **basic needs**:
  - (a) education, medicine, sports ☐
  - (b) food, shelter, clothing ☐
  - (c) entertainment, alcohol, parties ☐
2. **Production** is that economic activity which
  - (a) provides us with goods and services. ☐
  - (b) helps us to spend a lot of money. ☐
  - (c) is done in order to make machines work. ☐
3. The following are examples of the **manufacturing sector**:
  - (a) woodwork factories, fishing, agriculture ☐
  - (b) tailoring, mining, the restaurant industry ☐
  - (c) textile factories, construction, carpentry ☐
4. An economy in which there are **both** a **public sector** and a **private sector** of almost equal importance is called
  - (a) a planned economy. ☐
  - (b) a free market economy. ☐
  - (c) a mixed economy. ☐
5. The main difference between a **public limited company** and a **private limited company** is that a public limited company
  - (a) can sell shares on the Stock Exchange while a private limited company cannot. ☐
  - (b) is owned by the state while a private limited company is privately owned. ☐
  - (c) is part of the public sector and a private limited company is part of the private sector. ☐
6. The department responsible of the **welfare of workers** in a firm is the
  - (a) production department. ☐
  - (b) human resources department. ☐
  - (c) marketing department. ☐
7. A **successful communication process** requires
  - (a) a chart, a report and a graph. ☐
  - (b) words, pictures and feedback. ☐
  - (c) clarity, concentration and correctness. ☐
8. **Delegation of authority** is mostly related to
  - (a) an autocratic style of management. ☐
  - (b) a democratic style of management. ☐
  - (c) a laissez-faire style of management. ☐

9. The **most suitable method of transporting fuel** from one country to another is
- (a) air transport.
  - (b) through pipelines.
  - (c) sea transport.
10. The order of a **personalised** wedding dress by a bride is an example of
- (a) job production.
  - (b) batch production.
  - (c) mass production.

☐
☐
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☐

## **SECTION B**

**20 MARKS**

**ANSWER ALL QUESTIONS IN THIS SECTION.**

**Each question carries 2 marks. Answer in the space provided under each question.**

1. What do you understand by **direct production**?

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2. What is the main difference between a **good** and a **service**?

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3. What is a **chain of command**?

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4. What do you understand by the term **working population**?

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5. What is **structural unemployment**?

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6. What is the **product life cycle**?

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7. What is a **wholesaler**?

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8. What is **field research**?

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9. What is **limited liability**?

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10. What do you understand by the term **land** as a factor of production?

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**SECTION C****ANSWER BOTH QUESTIONS IN THIS SECTION.****Answer these questions on the foolscaps provided. Each question carries 20 marks.****Question 1 – Read the following passage and then answer the questions that follow:**

*John and Charles intend to start a new business producing office accessories such as pen holders, paper holders, etc. They wish to be sure they make the right decision about the selection of suppliers and stock control. They approached an adviser who suggested that they should have a purchasing department.*

- (a) What is the function of the purchasing department? (2 marks)
- (b) Mention **FOUR** (4) things that should be taken into consideration when choosing suppliers (4 marks)
- (c) In relation to stock control, what is a **stock control card** (or **stock record card**)? (2 marks)
- (d) Define the following terms:
  - (i) Maximum stock level (2 marks)
  - (ii) Minimum stock level (2 marks)
  - (iii) Re-order level (2 marks)
  - (iv) Just in time (2 marks)
- (e) Mention **TWO** (2) disadvantages of over-stocking. (2 marks)
- (f) Mention **TWO** (2) disadvantages of under-stocking. (2 marks)

**Question 2 – Read the following passage and then answer the questions that follow:**

*Mary and Carmen wish to start a new firm to import a new brand of handbags. They know that they have to compete with other established brands. They intend to use a market penetration price strategy to increase demand. They intend to import enough handbags in order to be able to supply the market according to the demand level.*

- (a) What is a **brand name**? (2 marks)
- (b) Besides a brand name, firms also use trade marks. What is a **trade mark**? (2 marks)
- (c) What is **market penetration pricing strategy**? (2 marks)
- (d) In relation to pricing strategies, what are:
  - (i) capturing the market strategy? (2 marks)
  - (ii) creaming the market strategy? (2 marks)
- (e) Define **demand**. (2 marks)
- (f) Define **supply**. (2 marks)
- (g) How do we call the point where demand is **equal** to supply? (2 marks)
- (h) Mention **ONE** (1) factor that determines **demand**. (2 marks)
- (i) Mention **ONE** (1) factor that determines **supply**. (2 marks)

**SECTION D**

**ANSWER ONE QUESTION FROM THIS SECTION.**

**Write your answer on the foolscaps provided. Each question carries 20 marks.**

**1. Communication is an important activity in business.**

- (a) What do you understand by term **communication**? (2 marks)
- (b) Mention and explain **FOUR (4) reasons** why communication may be used in business. (8 marks)
- (c) What do you understand by the term **feedback** in communication? (2 marks)
- (d) Why is feedback important for a firm? (2 marks)
- (e) Explain and give an example for each of the following:
  - (i) **Written communication** (2 marks)
  - (ii) **Verbal communication** (2 marks)
  - (iii) **Visual communication** (2 marks)

**2. The recruitment and selection of workers is important to choose the right workers.**

- (a) Explain what you understand by:
  - (i) **job description**; and (2 marks)
  - (ii) **job specification** (2 marks)
- (b) Firms may use the services of the ETC to advertise job vacancies.
  - (i) What does the abbreviation **ETC** stand for? (2 marks)
  - (ii) Mention **TWO (2) roles** of the ETC in relation to jobs. (4 marks)
- (c) What does the **Curriculum Vitae (CV)** contain? (2 marks)
- (d) When applications are received, some are accepted and some are rejected. What is this **process** called? (2 marks)
- (e) What method of **selection** do firms usually use to select the person/s they would like to employ with them? (2 marks)
- (f) Mention **TWO** ways how a firm can advertise vacancies, except using the services of the ETC. (2 marks)