



ICM

MARCH 2017

THE BUSINESS ENVIRONMENT

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FOUR questions
 - c) All questions carry equal marks. Marks for each question are shown in []
-
- 1.
 - a) Discuss how a mixed economy works. [8]
 - b) Explain how a planned (or command) economy works. [8]
 - c) Outline the part money plays in a modern economy. [9]

 - 2.
 - a) Explain the term **primary production**. [12]
 - b) Explain the term **secondary production**. [5]
 - c) Explain the term **chain of production**. [8]

 - 3.
 - a) What are the principal business objectives of a new business? [10]
 - b) Discuss the role of an entrepreneur. [10]
 - c) Explain the term **opportunity cost**. [5]

 - 4.
 - a) What is the importance of location when starting a new business? [10]
 - b) Explain what **capital** is. [5]
 - c) Explain the **rewards** of the factors of production. [10]

 - 5. Write notes on FIVE of the following:
 - a) The three S's
 - b) Tertiary
 - c) Legal tender
 - d) The factors of production
 - e) The public sector
 - f) The importance of a legal system
 - g) The consequences of growth [5 each]