

FORM TP 2019206



TEST CODE **02160020**

MAY/JUNE 2019

CARIBBEAN EXAMINATIONS COUNCIL

CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®

ENTREPRENEURSHIP

ENTREPRENEURIAL THEORY

UNIT 1 – Paper 02

2 hours and 45 minutes

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READ THE FOLLOWING INSTRUCTIONS CAREFULLY.

1. This paper consists of SIX mini-case scenarios, TWO from EACH module.
2. Answer ALL questions.
3. Write your answers in the spaces provided in this booklet.
4. Do NOT write in the margins.
5. 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.**
6. If you use the extra page(s) you **MUST** write the question number clearly in the box provided at the top of the extra page(s) and, where relevant, include the question part beside the answer.

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02160020/MJ/CAPE 2019



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INSTRUCTION: Read EACH mini-case and answer the questions that follow.

MODULE 1: ENTREPRENEURIAL MINDSET

Case 1: Bright Light

Mary always enjoyed making hats while growing up and has now decided to start a business to manufacture hats for export to the Caribbean region. She was told, however, that conducting an export business might be challenging, unless the necessary support services are available to complement her effort and passion for the business. Mary remained optimistic although she did not have the requisite funds to start such a venture. She started to strategize how the venture would survive this new marketing experience, while fulfilling her vision of establishing her own enterprise. She therefore decided to engage in formal learning about the export market and the business environment, in order to develop a clear marketing plan for her idea and, more importantly, to learn how to manage and work with people of different backgrounds.

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- 1. (a) Identify, from the case, **THREE** characteristics of an entrepreneur that are reflected in Mary's attitude in establishing her venture.

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[3 marks]

- (b) Explain, giving evidence from the case, why Mary would be considered a strategic thinker.

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[3 marks]

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(c) Given Mary's drive to succeed, explain why it is important for her to

- develop a good business plan

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- learn how to manage people

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- know her business in depth.

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[9 marks]

Total 15 marks



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Case 2: Create a Space

Sanco had an idea to establish a cart rental service in his community. He recognized that customers were having difficulty getting their goods from the market to their vehicles, because of the high level of traffic congestion in the area. This service would therefore target persons who wanted transportation for their goods as they leave the market. Sanco thought that this business venture would be easy to establish since he had access to capital and came from a family of business owners. He knew, however, that since his idea was not novel and given the level of competition already existing in the market, he had to make his carts different; he had to come up with some form of innovation. Additionally, he was just entering the cart market and as such he did not have much experience and a network in the current market.

2. (a) State TWO types of entrepreneurs that are NOT implied in the case.

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[2 marks]

(b) Differentiate between a 'nascent entrepreneur' and a 'novice entrepreneur'.

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MODULE 2: THE ENTREPRENEURIAL PROCESS

Case 3: Life Seeds

Mark wanted to set up a horticulture venture in Border Market. However, given that he was from another country, he knew he had to get some insights on the market before starting. He tried discussing the idea with a group of eight of his friends, sought advice from experts and kept journal/notebook entries. He was advised by one of the experts that he should follow the entrepreneurship process, as this would be a good guide. He was further advised that in thinking through the idea he should have a good business concept, be able to clearly identify and access the required resources (internal or external), be able to implement and manage the activities and most importantly, know how to harvest the venture.

3. (a) Identify TWO methods of generating information that Mark did NOT use.

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[2 marks]

- (b) Explain EACH of the following steps in the entrepreneurial process.

- (i) Opportunity recognition

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(ii) Concept development

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(iii) Identifying resources

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[9 marks]



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(c) Distinguish between the 'internal sources' and the 'external sources' that Mark can utilize to access capital for his venture.

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Case 4: "One hand can't clap" – Collaboration/Teamwork

Joanna, Debs and Angela, three high school friends, decided to establish a health food venture in Constant Spring, Jamaica. They noticed a number of changes occurring in the area including changing demographics, greater support from the Ministry of Health regarding the type of venture they were considering and the development of new technologies in the health and wellness industry. It was agreed that after the completion of the project, an exit strategy might be the best choice. These strategies may include dissolving the partnership and liquidating the assets, selling the venture, securing other contracts or going public. They knew that in order to become a major player in the emerging market it was very important to be able to access resources, implement the project, and harvest the venture.

4. (a) Explain TWO sources of opportunity recognition **other** than those mentioned in the case.

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- (b) List FIVE elements in implementing and managing the venture of which the partners should be aware.

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[5 marks]

- (c) Outline TWO benefits, to the partners, of liquidating the venture.

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[4 marks]

Total 15 marks



MODULE 3: CREATIVITY AND INNOVATION

Case 5: Take a Chance

George has been told by his lecturers at the university that creativity and innovation are the key pillars in entrepreneurship for a venture to succeed. He recalled that there are several sources of innovation including changes in markets and consumption patterns, new and emerging technologies, changing legislation and regulations on production operations. However, George knows that for innovation to thrive in his organization, it requires the provision of incentives, developing good internal policy that supports innovation, and promoting an organizational culture of innovation.

5. (a) State TWO elements, NOT mentioned in the case, that can support a culture of creativity and innovation in George's business.

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[2 marks]

- (b) Outline, for George, TWO reasons why incentives and good internal policy support a culture of innovation in businesses.

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(c) Explain to George why EACH of the following elements are considered to be sources of innovation.

(i) New markets

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(ii) Changing regulations

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(iii) Changing technologies

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Case 6: Make a Difference

While growing up, Najmah always dreamt of making a difference in the lives of people. This she thought would require a lot of creativity and innovation due to the unavailability of resources. Some of the innovations might be abrupt which could change the way in which some people conduct business operations, while other innovations could change things 'one step at a time'. Najmah knows, however, that although she is from a small Caribbean island, it is still important to protect her ideas, given the inflow of tourists. She thus sought advice on the best approaches to protect her intellectual property and was advised of the following ways: branding, trademarks, trade secrets, designs, copyrights and patents.

6. (a) Outline, for Najmah, TWO differences between 'creativity' and 'innovation'.

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[4 marks]

(b) Outline, from the case, ONE core innovation concept that Najmah could use in developing goods or services.

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(c) Explain to Najmah the differences among 'branding', 'copyrights' and 'patents'.

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END OF TEST

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