



THE KENYA POLYTECHNIC UNIVERSITY

COLLEGE

DEPARTMENT OF INSTITUTIONAL MANAGEMENT

DIPLOMA IN CLOTHING TECHNOLOGY

END OF YEAR I EXAMINATIONS

NOVEMBER 2007 SERIES

BUSINESS STUDIES

(ECONOMICS/COMMERCE)

3 HOURS

Instructions to Candidates:

This paper consists of two sections, Section A and Section B

Answer all questions in both sections

This paper consists of 2 printed pages

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SECTION A :COMMERCE (50 MARKS)

Answer all questions

1. Stress the growth and development of commerce. (10 marks)
2. Specialization is where an individual or a country concentrates on what they can do best at the lowest cost possible. Explain the advantages and disadvantages of specialization. (10 marks)
3. Differentiate between mail order business and hire purchase systems of buying. (10 marks)
4. Discuss land and entrepreneur as factors of production. (10 marks)
5. Explain the major sources of capital for a Public Limited Company. (10 marks)

SECTION B: ECONOMICS (50 MARKS)

Answer all questions

6. Define the following Economics terms.
 - i) Labour
 - ii) Secondary wants
 - iii) Economies of scale
 - iv) Utility
 - v) Social good(5 marks)
7. a) State FIVE factors that determine the supply of labour (5 marks)
b) Explain FIVE factors that determine the efficiency of labour (10 marks)
8. Explain the following economies of scale
 - i) Administration
 - ii) Government policy(5 marks)
9. Explain the following factors of production
 - i) Entrepreneur (4 marks)
 - ii) Capital (3 marks)
 - iii)
10. a) Discuss FOUR problems caused by employment (10 marks)
b) Explain FOUR ways in which the government can help in solving unemployment problems (8marks)