

7. Question 2 is based on the following data relating to the national income of a hypothetical country. (Figures are in million FCFA).

Household final consumption expenditure	1,200
Individual government consumption expenditure	950
Gross domestic fixed capital formation	1,100
Stocks on December 31 st , 2013	800
Stocks on January 1 st , 2013	1,000
Net domestic fixed capital formation	900
Trade gap	-1,500
Property income paid abroad	1,200
Property income from abroad	1,320
Subsidies	700
Income tax	920
Expenditure taxes	500
Unemployment benefits	700

- (a) Calculate the value of:
- (i) Depreciation. (2 marks)
 - (ii) total investment. (2 marks)
- (b) Determine the value of:
- (i) Gross domestic product at factor cost. (3 marks)
 - (ii) Gross national product at factor cost. (3 marks)
 - (iii) National income. (5 marks)
 - (iv) Gross Domestic Product and Gross National Product. (2 marks)
- (c) List three problems encountered when measuring the national income of a country. (3 marks)
- (d) Enumerate two weaknesses of using national income statistics in measuring living standards within a country. (2 marks)

1. All organizations must manage change. In order to do so successfully, it is necessary to analyze the impact on people. Without employee support no innovation will succeed. The single most important issue is therefore the extent to which trust can be developed between a workforce and organization. This will demand a long-term approach in which individuals are both consulted and kept informed about developments within the business. Resistance to change will emerge if the basic needs of security, social ties, and self-esteem are threatened.

Source: Business Studies by Ian Marreese, 2nd Edition page 310

- (a) What is meant by "change management"? (3 marks)
- (b) From the passage, who are those that resist change most? (2 marks)
- (c) Besides the points mentioned in the passage, identify five reasons why people resist change. (5 marks)
- (d) State four ways an organization can cause workers to accept change. (4 marks)
- (e) Differentiate between anticipated change and unanticipated change. (2 marks)

- Fear of discrimination in the organization
- Fear of being posted to other zones they don't like
- Fear of reduction in salaries of worker

1. Table 1 below shows how the national output varies with the population of a country with a surface area of 13 million km².

Table 1

Population (millions)	Total Output (million FCFA)
30	60
35	87.5
40	120
45	157.5
50	200
55	247.5
60	252
65	260

Handwritten notes:
 $\frac{252}{60} = 4.2$
 $\frac{247.5}{87.5} = 2.83$
 $\frac{200}{120} = 1.67$
 $\frac{157.5}{157.5} = 1$
 26
 32.5
 39
 65.5
 52

- (a) (i) Determine the optimum size of the population. (3 marks)
 (ii) Illustrate the optimum population on a graph. (4 marks)
- (b) (i) State **three** factors that affect the optimum population size. (3 marks)
 (ii) State **two** ways an overpopulated country can reach its optimum size. (4 marks)
- (c) State **three** reasons why a densely populated country is not necessarily over populated. (6 marks)

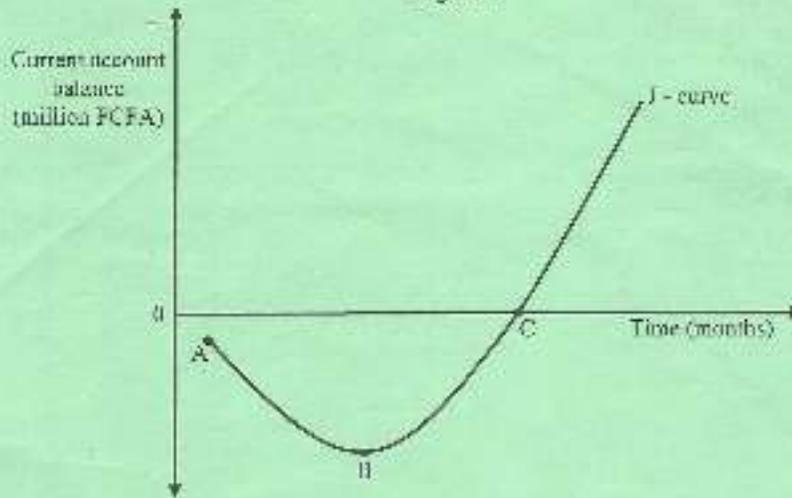
2. It is always a difficult problem knowing how best to price a product ... When the product is in a new and rapidly evolving industry like the microcomputer industry in the 1980s, the decision is doubly difficult. Was it best to charge a high price and sell a smaller number of disks or charge a lower price and aim for volume? One software producer decided to test the market for its new accounting program at different prices. The firm, Noumenon Corporation, raised prices in increments of 2,000 FCFA all the way up to 21,000 FCFA. It found out that total revenue was maximized at a price of 9,000 FCFA. As a result of this experiment, it decided to advertise and market the accounting program at 8,500 FCFA, much lower than the prices of competing software programs.

Source: Adapted from 'The Study of Economics, by Turley Mings, Dushking Publishing.

- (a) State **five** factors that may affect the demand for this accounting software. (5 marks)
- (b) If at the price of 9,000 FCFA, 10,000 copies of the software were sold.
 (i) By how much would sales revenue change if demand rises to 12,000 copies due to the fall in price to 8,500 FCFA? (4 marks)
 (ii) Determine the price elasticity of demand of this software. (6 marks)
- (c) List **three** negative effects of setting price below the competitive market price. (3 marks)
- (d) How would you describe the demand for computer software and the demand for computer hardware? (2 marks)

5. One of the long run measures to correct a balance of payments deficit leads to the J-curve effect as shown in figure 1 below.

Figure 1



- (a) Identify the long run measure which causes the effect illustrated above and define it. (4 marks)
- (b) Enumerate four other long term measures that can be used to solve a balance of payments deficit. (4 marks)
- (c) State two reasons why the balance of payments:
(i) deteriorates from point A to B. (4 marks)
(ii) improves from B to C. (4 marks)
- (d) List two importance of the balance of payments. (4 marks)