

The University of Yaounde II
Faculty of Economics and Management
SECO 2
SECOND SEMESTER EXAMS – July 2011
Anglais/ Français

- i. Aucun changement dans l'ordre séquentiel des questions n'est autorisé.
- ii. Vous pouvez en cas de besoin utiliser le manuel, mais celui-ci n'est pas inévitable.

Section A: Comprehension (4 marks)

Read the following passage carefully and answer the questions that follow it.

Size of business

What determines the size that a business ultimately attains? There are three main factors that influence the size of business: the nature of business, whether it is manufacturing or extractive; the nature of the product; and the nature of the demand for the product. Agriculture and other extractive industries often have smaller units because diminishing returns are soon reached. However, in most manufacturing industries, the units are larger because the economies of scale (i.e., the amount of all factors used in production) increase. Second, some products like furniture, printing and fashionable demand do not allow for standardisation because the nature of the commodity makes for a wide variety of design. But when the demand is wide and constant and not subject to changes in fashion, as it is the case of soap, buckets, and other household utensils, the producing firm is larger.

How can large scale production be achieved in this scheme? If a producer can produce in large scale, he will do so because he has then more scope for obtaining the advantages of increasing returns and of the division of labour. Standing charges are spread over a larger number of units of the product and plant, machinery, tools and materials are used more economically. By-products may be turned to profitable use by the industry or by subsidiary industries. Expensive research and experiment can be afforded, and the large firm has better opportunities for advertising and publicity than the smaller rival. Hence, larger firms obtain more benefit than smaller rival firms from the internal and external economies of scale.

However, large firms become difficult to control. Many people are involved and to make their actions match with the objectives of the business is difficult. Large firms require large investments that cannot easily be changed if that becomes necessary like market fluctuations during war or diplomatic problems like economic sanctions.

Questions

1. What factors influence the size of business?
2. Why is it more profitable to produce in large quantities? Give five reasons.
3. What are the disadvantages of large firms?
4. How does the kind of business, the kind of product and the kind of demand influence the size of a business?

SECTION B: Vocabulary and Expression (4 marks)

Choose words from Column B and add to Column A to form useful economic expressions. Do not change the order of words in Column A.

Column A

Affect, Annual, Business slows, Consultation, Credits dry, Extreme, Financial crisis, Food and water, Forced, Fraudulent, Heavy, Huge sums, Lab, Living, Neighbouring, Remittances, Slow down, Squander, Still, Strong

Column B:

Adversely, Birth, Book, Conditions, Country, Documentation, Down, A taxi, Labour, Of money, Rains, Rate, Rally, Resources, Results, Set in, Shortages, Man, Storm, Substantially, To family, Up, Weather conditions

Section C: Grammar (4 marks)

Complete the following sentences with either a result clause or a conditional clause:

1. It rained very heavily.
2. Prices have risen very high.
3. Brazil has a very big sugar company.
4. The Chinese economy has developed very fast.
5. If you pump too much money into an economy.

Section D: Conversational English (4 marks)

Provide responses to the following sentences, using appropriate formulas:

1. Cameroon isn't going to run Presidential elections this year, is it?
2. Would you mind my smoking in the car?
3. I need some money to start a business.
4. Thank you very much for helping me bring the children back home.
5. I would like you to know that I won the scholarship.

Section E: Pronunciation

Classify the following words into groups according to the similarity of the sound in the underlined segment.

Assure, Beatrice, Bite, Customs, Die, Here, India, Sign, Son, Southern, Special, Wash