

UNIVERSITY OF MALTA

**SECONDARY EDUCATION CERTIFICATE
SEC**

BUSINESS STUDIES

May 2012

EXAMINERS' REPORT

**MATRICULATION AND SECONDARY EDUCATION CERTIFICATE
CERTIFICATE EXAMINATIONS BOARD**

A total of 537 candidates sat for the exam in this subject, 286 opted for paper 2A whilst 251 opted for paper 2B. 24 candidates absented themselves from the examination whilst 99 candidates failed to obtain a pass mark in the subject. Grade distribution is as follows:

Grades	1	2	3	4	5	6	7	U	Absent	TOTAL
No of Cand.	28	47	62	109	96	42	30	99	24	823
Option A	28	47	62	64	50	0	0	32	3	286
Option B	0	0	0	45	46	42	30	67	21	537
Total %	3.4	5.7	7.5	13.2	11.7	5.1	3.6	12.0	2.9	100.0

Paper 1

Question 1

Candidates sitting for Paper IIA (P2A) scored an average of 6 points out of 10, with the highest mark being 10 while Paper IIB (P2B) candidates averaged 4 points with the highest mark also being 10. On average, this was a question of moderate difficulty for both P2A and P2B candidates.

- (a) A question of moderate difficulty for both P2A and P2B candidates. In general, a good number of candidates omitted cooperatives from the list of business organisations making up the private sector. 12% of P2B candidates did not attempt this question.
- (b) A question of moderate difficulty for P2A candidates but one which was difficult for P2B candidates of which 10% did not attempt an answer. It is important that business objectives are well stated in commercial terms. Thus, for example, to gain ‘goodwill’ or ‘reputation’ or ‘prestige’ but not to become ‘popular’ which is too general as it may also refer to maximising market share. Some state one of the business objectives as being ‘to sell a good’ or ‘to provide a service’. This is, in fact, the means through which business objectives, such as maximising profit or sales, survival, etc. are reached and is not a business objective in itself.

difficulty for both P2A and P2B candidates. The main definition of *stakeholders*. Some candidates define *stakeholders* as bondholders. Some others are too general with their definitions and define *stakeholders* as people that “have to do” with the business. With a simple definition of the term “*stakeholders*”, it is enough to state that they are those who have a *stake* in the business and then to define *stake* as being an *interest*. This is very probably how the candidates studied the definition. However, it could also be that some candidates understood the term “*interest*” as getting a sum of money for lending to the business, which could be the reason why some candidates defined *stakeholders* as bondholders!

- (d) A question of moderate difficulty for P2A candidates but one which was difficult for P2B candidates of which 16% did not attempt an answer. Some answers that were given may have been accepted if the rubric stated to list features of a market economy. However the rubric required features that “make a market economy different from a planned economy.” Thus some candidates state that a market economy “does not provide public goods” or “does not take into account externalities.” While such statements are true, they are not necessarily features that distinguish a market from a planned economy since the latter may also not provide public goods and may also not take externalities into account. A number of candidates tended to give perceived advantages rather than features. These included “competition” and “encouraging efficiency and innovation.” The focus of the rubric should have been on the essential features of market economies such as the ownership of resources, the price system, the profit motive and that it is consumer demand that dictates what, how and for whom to produce. It is also important that the terms “market economy” and “planned economy” are not confused with the terms “democracy” and “dictatorship” as some candidates, especially P2B candidates, do. The latter are terms used in political and/or social studies and are not necessarily synonyms to market and planned economies. The UK, for instance, had a planned economy in a democracy during WW2.

difficulty for P2A candidates but one which P2B candidates found difficult. Some candidates distinguish between private and public companies rather than between the private and the public sector of an economy. Others repeat their answer to sub-question (d). Others use words such as "ruled" or "run" when the main difference regards ownership. Other acceptable answers regarded the different objectives of the business in each sector, the way that directors are put in place (elected/appointed) and the methods of finance.

Question 2

P2A Candidates scored an average of 7 out of 10, with the highest mark being 10 while P2B candidates averaged 5, with the highest mark being 9.5. On average, this was a question of moderate difficulty for both P2A & P2B candidates.

- (a) A question of moderate difficulty for P2A candidates but one which P2B candidates found difficult. A good number of candidates, especially P2B candidates, define the terms "choice" or "scarcity" rather than the term "opportunity cost". Some candidates wrote a scenario of the problem of scarcity, by way of example, but then they don't follow it up to bring out a proper example of opportunity cost.
- (b) Both P2A and P2B candidates found this question easy to answer.
- (c) A question of moderate difficulty for P2A candidates but which P2B candidates found easy to answer. Tariffs and quotas were accepted as one problem not two. Some candidates write that local exporters have to "obey laws" when exporting. This was obviously not accepted as it implies that they wouldn't have to obey any laws were they to sell in the domestic market only.
- (d) Both P2A and P2B candidates found this question difficult. 6% of P2A and 23% of P2B candidates did not attempt an answer to this question. Some candidates defined the term *Trade Gap* as a barrier to international trade. Most candidates referred either to an embargo or to a "trade war". Other answers showed that most candidates had no idea about this term although the word "gap" was understood and some candidates wrote that it is the gap between when goods are sent and when they're received. Some candidates, who knew the term, then gave the definition again as a "reason why a trade gap may arise".

used on either a decrease in exports or an increase in
, the removal of protective measures, higher demand
for imports, lower demand for exports or unfavourable movements in the terms
of trade or exchange rates.

- (e) A question of moderate difficulty for P2A candidates but one which P2B candidates found difficult. "Paying taxes to government" was not accepted as an appropriate advantage. A good number of candidates refer to an increase in tourism as an "advantage that Malta gains when it allows multinational companies to operate in Malta." This connection is quite unusual especially when more valid connections are made with regard to MNCs, such as the transfer of technology and management skills, increase in exports, etc.

Question 3

P2A candidates had an average of 5 out of 10, with the highest mark being 9.5 while P2B candidates averaged 3, with the highest mark being 8. On average, this was a question of moderate difficulty for P2A candidates while P2B candidates found this question difficult.

- (a) A question of moderate difficulty for P2A candidates but one which P2B candidates found difficult. Only 8% of P2B candidates were able to "list two actions that businesses may undertake when they behave ethically." 20% of P2B candidates did not attempt an answer. From certain responses given, it seems that some candidates did not understand the rubric properly. Thus, for example, some see this as a question asking: What are the results when a firm behaves ethically? So they answer that they will have an increase in profit. Other answers left the markers guessing as to what the candidate understood by the rubric.
- (b) A question of moderate difficulty for P2A candidates but one which P2B candidates found difficult. 17% of P2B candidates did not attempt an answer. Some candidates thought of safety for the bank itself, rather than for the employees, and suggested that the bank should ask for collateral when making loans. Others understood this question as to how should a banking institution promote H&S regulations rather than how it abides by them. Thus they suggest that loans should only be given to businesses that abide by H&S regulations.

- difficulty for P2A candidates but one which P2B candidates found difficult. t. "Better pay and working conditions" were considered as one "benefit that trade unions try to achieve for their members" since pay goes along with working conditions. "Job security" was not accepted as an appropriate answer.
- (d) A question that P2A candidates found easy while for P2B candidates, it was of moderate difficulty.
 - (e) Both P2A and P2B candidates found this question difficult. 16% of P2B candidates did not attempt an answer to this question. Many candidates defined "free trade" instead of "fair trade". Some also defined a "trade bloc". Some others brought in the "Fair" campaign that was run in Malta for the Euro changeover. Only 4% of P2A candidates were able to give a proper definition of fair trade and give one appropriate example.

Question 4

P2A candidates had an average of 5 out of 10, with the highest mark being 9.5 while P2B candidates averaged 3.5, with the highest mark being 8.5. On average, this was a question of moderate difficulty for both P2A & P2B candidates.

- (a) A question of moderate difficulty for both P2A and P2B candidates. Some candidates wrote about the *reasons* "why businesses have had to change the ways they practise marketing" rather than the *ways*. Others explained changes that had to do with fields of business other than marketing.
- (b) A question of moderate difficulty for both P2A and P2B candidates. Some candidates wrote the 4Cs instead of the "elements of the communication process."
- (c) A question of moderate difficulty for both P2A and P2B candidates. Acceptable answers included handbooks, manuals, circulars, newsletters, memos, reports, minutes, notices, faxes, emails, sms and business documents, where any example such as invoices, was accepted. Noticeboards and billboards were not accepted since in themselves, they are the resource on which written communication may be placed. Posters and leaflets were not accepted since they are more media of visual rather than written communication.

ates found this question difficult. Only 4% of P2A

marks for this question. Acceptable answers were to be

quite specific to communication in that the purposes of good communication in a business are to gather information, to give information and to discuss issues and not, in general, to increase profits or sales. Otherwise the same answers can be given to the purposes of, say, advertising or the training of human resources. Some candidates gave the advantages of having good communication rather than the purposes.

- (e) A question of moderate difficulty for both P2A and P2B candidates. 29% of P2B candidates did not attempt an answer. Some candidates listed the *uses* of financial information rather than the *users*. Others understood this question as listing two *forms* of financial information. Acceptable answers included managers, shareholders (owner/s), potential shareholders, employees, creditors and tax departments, such as the IRD or the VAT department. Unacceptable answers included government (too general), MFSA (too specific). Where candidates listed two types of managers (ex. marketing manager and finance manager), this was marked as one user. In general, the explanations as to why any one of these users would require this information were acceptable.

Question 5

Many candidates mixed up demography with democracy and answered accordingly. Even so the greater majority answered correctly. The term dependency ratio also proved to be too difficult for many candidates. There were some very good answers though.

Regarding the four types of unemployment, many correct answers were given although some just invented plausible causes for unemployment like sickness unemployment, theft, old age etc. Sections (d) and (e) were also answered fairly well.

The average mark out of ten were A. 5.86 and B 3.5

earned the candidates the greatest number of marks. In fact, the average for A was 9.14 and for B 7.26. All five parts of the question were fairly well answered.

Question 7

The definitions for part (a) of the question were rather weak overall and were not clearly described although one feels the candidate had an idea what the answer should have been. Part b of the question was also a little difficult for the candidates to answer but the other three parts (c), (d) and (e) were answered in a better way. The average total mark for this question was 7.96 for A and 6.5 for B

Question 8

The answers provided left much to be desired. Some candidates even described liabilities as assets that can be used for a long time. Part D of the question proved to be disastrous for the B candidates for which they obtained less than half the marks allotted. Even some answers were perfect and well rewarded. The last part of the question, about Break even was surprisingly well answered. The average overall mark earned was 8 for Paper 2A candidates and 5.77 for the 2B students.

The number of absentees for the 2B candidates was much higher than that for the 2A students.

Paper 2A

272 candidates were registered for Paper IIA. Four candidates were absent on the day of the examination.

Question 1

This was a compulsory question. In fact all candidates who were present for the examination answered it. The highest mark was 27/30 and the lowest mark 0/30. Furthermore, candidates who sat for this question (268) obtained an average mark of 12.9.

Students were given a case study about Industrial Relations. The main shortcomings surfaced in Questions 1C and 1H. It seems that candidates were not prepared to comment briefly on the Employment and Industrial Relations Act (EIRA) and how this Act does not exclude trade unions from the current workplace.

Another problem cropped up when candidates were requested to discuss how a dispute between a company and a union could be resolved. Very few candidates were able to list the main steps involved ó conciliation, arbitration and industrial tribunal.

A good number of candidates failed to make a distinction between the objectives and benefits from union membership, duties of a shop steward and collective bargaining.

Types of industrial action and differences between ÷generalø and ÷white collarø unions appear to be fairly understood.

Question 2

This question was attempted by 178 candidates who between them obtained an average mark of 11.10. The highest mark was 19.5/20 and the lowest mark was 0/20.

In my opinion, those candidates who opted for this question were prepared to answer an Accounting question relating to the calculation of accounting ratios but they found it very difficult to interpret these ratios and to understand their significance.

Students should be trained to try a question if they can manage all components and not a section.

Question 3

56.3% of all candidates were attracted to this question that mainly dealt with Production.

The highest mark was 19/20 and the lowest mark 3/20. An average mark of 11.57 was achieved.

Mass production and problems relating to relocation are understood by students. In fact, Questions 3C and 3E carried the highest averages of those that selected this question of 3.4 and 3.89 respectively.

However, many candidates are not aware as to why specialisation is vital for small firms to subsist in a very competitive business world (Question 3A) and they also have difficulties in providing a valid reason as to why firms apply for patents. (Question 3D).

One may also add that many candidates stopped short from explaining the difference between Quality Control and Production. (Question 3B)

Question 4

The question relating to International Trade was the most popular with Paper 2A students. In fact, 72.01% of those who sat for the examination chose this question.

The highest mark was 17/20 and the lowest mark was 3/20. The 193 candidates who attempted this question obtained an average mark of 10.59.

The answers to Questions 4B and 4E imply that candidates have very good knowledge as to why Malta needs to import and they also have no problems in identifying visible and invisible exports from visible and invisible imports.

However, many candidates failed to provide in enough depth a clear distinction between tariffs and quotas, (Question 4D).

Although candidates have been exposed to a global economy, many are still confused of its proper definition. (Question 4A)

Question 5

Business ethics seems to be unpopular as only 91 candidates attempted this question. The highest mark was 17/20 and the lowest mark was 1/20. Those who sat for this question obtained an average mark of 10.69.

Business ethics and the advantages and disadvantages for business organisations which behave ethically were explained relatively correct by 2A candidates.

It seems however that candidates have very poor understanding of external benefits and external costs to a business. This is reflected clearly in the answers to Question 5B.

Students should be conscious that in this day and age, businesses can still be successful without compromising their principles!

Question 6

This question dealt with an area of the syllabus that is regularly tested ó Marketing. As a matter of fact, a good proportion of candidates answered this question ó 69.78%. The highest mark was 18.5 and the lowest mark was 3. The average mark for the 187 candidates was 10.68.

A good number of candidates failed to put forward the fact that market research is a key component of the marketing function.

Although many candidates are aware that price and product are two essential elements of the marketing mix, quite surprisingly, they do not know their relevance to an enterprise.

As regards sales promotion, some candidates focused on explaining that this is a method of boosting sales but they left out the fact that it persuades customers to try the product for the first time.

The question relating to the Consumer Protection Act was generally well answered.

Paper 2B

Question 1

This was a compulsory question.

(a) , (b) , (c) and (d)

Candidates answered poorly these questions. Very few candidates have acquired the basic principles of marketing and the answers provided demonstrate that this area of the syllabus was not studied in sufficient detail. It is clear that most of the candidates sitting for this paper are not aware of the Product Life Cycle and many of the candidates have an incorrect notion of a brand.

- (e) Very few candidates answered that Kellogg's relaunched Nutri Grain to seek to reverse the trend of declining sales. They failed to refer to the extension strategy.
- (f) This question was well answered.
- (g) Most of the candidates failed to explain the two terms correctly.
- (h) The answer provided for the previous question determined the response for this question. Subsequently there were many wrong answers.
- (i) There were various answers for this question with many candidates answering correctly.

Question 2

- (a) Very few candidates gave a complete correct answer.
- (b) Generally the chain of command is understood by candidates but incorrect answers were provided for that part of the question dealing with the span of control.
- (c) Candidates failed miserably in this question.
- (d) This question required candidates to distinguish between centralised and decentralised authority. Candidates demonstrated the ability to distinguish between the two but generally failed to provide acceptable examples.

provided.

Once again, the Examination Board would like to remark that this is an area of the syllabus that seems to be neglected. Candidates are generally unaware of the importance of financial statements and moreover they demonstrated incompetence in the calculation of accounting ratios.

Question 4

(a), (b) and (c)

These three questions were generally well answered excluding those candidates who demonstrated overall weakness in the subject.

(d) and (e)

Very poor answers have been provided.

Question 5

(a) Correct answers were provided.

(b) Candidates failed to list correct advantages.

(c) and (d)

Both questions were answered very poorly. Only a few candidates have a basic knowledge in respect of geographical and occupational mobility.

(e) Correct answers for on-the-job training were given but candidates failed to explain off-the-job training.

Question 6

(a) This question was generally well answered.

(b) Marks were not awarded for answers that are not major exports and imports.

(c) This question was generally well answered.

(d) Although Balance of Payments is examined regularly, candidates sitting for this paper are insufficiently prepared. Candidates failed poorly.

(e) Candidates are not aware of the principle of free movement and of the 4 freedoms.

Chairperson,

Business Studies Examiners' Board



PDF
Complete

*Your complimentary
use period has ended.
Thank you for using
PDF Complete.*

[Click Here to upgrade to
Unlimited Pages and Expanded Features](#)