

UNIVERSITY OF MALTA

SEC SECONDARY EDUCATION CERTIFICATE

BUSINESS STUDIES

May 2007

EXAMINERS' REPORT*

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

***[NOTE: The following is a summary of the examiners' full report.
The original can be consulted at the Matsec Office.]**

SEC BUSINESS STUDIES
May 2007 Session
Examiner's Report

Table 1: Distribution of grades for SEC Business Studies – May 2007 session

Grade	1	2	3	4	5	6	7	U	Abs	Total
I+IIA	34	63	70	55	35	–	–	31	2	290
I+IIB	–	–	–	63	106	43	42	98	12	364
Total	34	63	70	118	141	43	42	129	14	654
%	5.20	9.63	10.70	18.04	21.56	6.57	6.42	19.72	2.14	100.00

PAPER I

Question 1: Overall candidates answered the question satisfactorily, giving examples and proper explanations where necessary. Difficulties were encountered in answering parts:

- (c) difference between authorized and issued share capital;
- (d) interpretation of ROCE; and
- (f) difference between nominal and market value.

Question 2: Candidates sitting for Paper IIA (P2A) had an average of 9 out of 14 while Paper IIB (P2B) candidates averaged 5.

In general, P2A candidates seemed well prepared for parts (a) to (e), especially for parts (a), (b) and (d) where more than 50% got top marks. Part (f) seemed to give particular difficulties: 5% of the candidates did not even attempt an answer to this part of the question.

P2B candidates did relatively well in parts (a) and (b) where more than 50% got top marks. For part (f), around 25% of this cohort chose not to attempt this part of the question.

The main problem in part (c) was that a number of candidates did not realise that the question was asking for an example of the **output** of each sector and not for a productive activity. This question was in fact assessing the “recognition, selection, interpretation and application of data” (Syllabus Assessment Objective d) and, in this regard, Business Studies students should be able to recognise the difference between the output, say crops, furniture and education services, and the productive activity, say grower/farmer, carpenter and teacher.

The problem in part (d), faced mainly by P2B candidates was that the word ‘important’ was not understood in terms of the contribution to the economy. Thus some say that the primary sector is important because without it, there would not be the others.

Part (e) was a difficult question to answer unless one was prepared beforehand for the eventuality of such a question. 20% of P2A candidates and 10% of P2B candidates seemed to have been prepared, or guessed correctly! 76% (P2A) and 60% (P2B) seemed prepared for some parts, while 4% (P2A) and 30% (P2B) were caught unawares including 3% (P2A) and 13% (P2B) who did not even attempt an answer. Since the question called for countries, the EU was not accepted as correct. Only a few, in fact, mentioned the EU. Since as countries, one cannot really pinpoint only two main trading partners of Malta, any two countries from France, Germany, Italy, Singapore, the UK and the USA were accepted (See ‘Direction of Trade’ tables in News Releases by the NSO). With regard to the goods, most candidates mentioned two although one would have done. There was no major difficulty, here, since we are surrounded by imported goods.

Part (f) seemed to give particular difficulty with 5% not attempting an answer and 31% getting it completely wrong. Wrong answers ranged from the bizarre, such as ‘business ethics are consumer and producer goods’ and ‘the way a product is sold’ to the relatively close such as ‘business ethics are business responsibilities’. However candidates answering in this way, then give wrong examples such as ‘lenders’, ‘customers’, ‘introducing new machines’ and ‘paying wages’. With regard to the definition of business ethics, around 30% of candidates bring in the behaviour of firms however they do not add that this should be **socially acceptable** behaviour. Most of the 17% who got top marks expressed it as ‘not just obeying the country’s laws’. With regard to the examples, appropriate ones were accepted even if the definition was wrong or not up to standard. It may be said that a list of examples of good business behaviour may be found in the Syllabus Content at 1(e).

Question 3: Candidates sitting for P2A had an average of 7 out of 12 while P2B candidates averaged 5. In general, P2A candidates seemed well prepared for parts (a) and (e), where more than 75% got top marks. Part (f) seemed to give serious difficulties such that 3% of the candidates did not attempt an answer and around 70% got it wrong.

P2B candidates were also well prepared for parts (a) and (e) where around 50% and 70% respectively got top marks. Parts (b) and (f) seemed to give serious difficulties such that 17% and 13% respectively did not attempt answers. 50% of P2B candidates got part (b) wrong while 76% got part (f) wrong.

In part (b), especially with P2B candidates, when explaining one component of the marketing mix, several candidates do not explain this component within the context of the marketing mix. Thus, for example, with regard to 'place', they bring in the location decision on the whole business rather than the purely marketing decisions on channels of distribution, delivery and stock levels. With regard to 'price', they explain only one or two aspects, viz. price level and price strategies. No candidate mentions discounts or credit policy. With regard to 'product' they define the term rather than bring in the marketing decisions on product range, product features, product quality and packaging. Candidates should not only "recall knowledge" (Syllabus Assessment Objective a), perhaps through mnemonics such as the 4Ps, but also be able to "organise information and apply it in an appropriate way to the solution of business problems" (Syllabus Assessment Objective e). Thus when explaining 'Product', 'Price', 'Promotion' or 'Place' as the marketing mix, one should explain in the context of the marketing mix.

In part (c), 40% of candidates were able to mention three correct methods to promote a product. Some candidates, though, do not make a distinction between sales promotion and advertising, the latter being only one method of the former.

In part (d), some candidates seem to read 'medium' instead of 'agency'. Thus they include in their answers "the target audience", "timing of the advert", etc.

In part (f), a great number of candidates bring in ethical considerations that the manufacturer should make and not the advertising agency. Thus for example: "the perfume should not be tested on animals" or that "the perfume does not harm the environment". An advertising agency would have no control over such matters. What candidates should have said is that the advertising agency should not give false and/or misleading information regarding such environmental claims. Other candidates bring in economic and/or marketing considerations rather than ethical ones.

Question 4: In general students had difficulties in answering various parts of this question. Candidates confused the internal and external methods of financing and only few students could explain the difference between a leasing and factoring. Furthermore difficulties were encountered when students tried to explain how the Stock Exchange can be used to obtain financing. On the other hand most students could answer parts (c), (d) and (e) adequately.

Question 5: The major concern with the answers to this question and its different sub questions was the lack of accuracy in the answers, e.g. most students could give a vague description of what the working population is, but few gave an accurate definition. Candidates failed to answer question (c) accurately, giving instead an explanation of what *mobility of labour* means. Some candidates also failed to answer part (d) adequately, forgetting to apply the question to the Maltese scene. However, most candidates answered parts (b) and (f) well.

Question 6: Candidates sitting for P2A had an average of 6 out of 14 while P2B candidates averaged 3.

In general, P2A candidates seemed well prepared for parts (d) and (f), where 61% and 70% respectively got top marks. Parts (a), (b) and (e) seemed to give serious difficulties especially part (e) where 65% earned zero marks. P2B candidates were not well prepared for any part of this question. About 15% did not even attempt answering part (d), which seemed on paper to be relatively easy to answer.

In part (a), there were many general answers such as 'to make profit' or words to that effect. Candidates should be able to focus more. Since the question was about communication, then candidates should have been able to give the functions of communication in an organisation, i.e. to collect information, to give information and to discuss issues.

A serious difficulty with part (b) was that a good number of candidates brought in non-verbal communication. While this is a method of communication, it is not a "method which can be used to communicate in a firm", at least not on its own, since non-verbal communication is most times not very clear and clear communication is required when one needs to get a job done! Another serious problem was

that some candidates were including written and visual communication under non-verbal communication. This is wrong in that written and visual communication includes **words** and is thus verbal communication. Non-verbal communication would be a frown, a smile or just walking away! Especially with P2B candidates, some mention just the means of communication rather than the methods.

In part (c), around 55% of P2A and 30% of P2B candidates manage to get at least two trade union functions other than 'being helpful when communications break down'. Conciliation and arbitration were not accepted as correct answers since these are done by third parties and not by the two parties involved in a trade dispute.

Part (d) seemed like an easy question. However around 50% of P2B candidates contrived to get it wrong and a further 15% did not attempt an answer. It may be said at the outset that the correct answer to give was 'industrial action'. However markers accepted as correct answers any type or types of industrial action such as 'strikes' or 'work-to-rule'. Those who gave wrong answers wrote that this would lead to conflicts, lower profits, etc. Again, general answers are unacceptable and candidates should be able to be more focused.

Some answers to part (e) were also very general and stated that communication can be improved in a firm by having 'democratic management' and/or a 'good social environment'. In fact, this may or may not be so, i.e. democratic management is not a guarantee of an improvement in communication. The question was asking for more direct ways of improving management that may be used by democratic and non-democratic managers in the short run. These would therefore include ways such as having more meetings, issuing an in-house magazine, having notice boards, etc.

Part (f) was also rife with general answers such as modern technology is 'more efficient' or 'makes communication easier'. Correct answers should focus on the feedback (which is more immediate or faster), the fact that a large amount of information may be handled easily, that storage does not take up a lot of space and that retrieval of information is easy and quick.

Question 7: Candidates sitting for P2A had an average of 4 out of 14 while P2B candidates averaged 1. As may be seen from the above averages, neither P2A nor P2B candidates seemed well prepared for any part of this question.

In part (a), there were many candidates who wrote that consumer have a right to know, probably influenced by recent adverts on a well-known news channel. While it is true that consumer have a right to information, the rubric had already brought up this right and the question was thus asking for other consumer rights.

In part (c), some candidates read the question as 'by whom' is the consumer being protected and come up with answers such as the 'consumer protection department' or 'the law'. The question actually read from whom is the consumer being protected.

Regarding part (h), answers such as 'having more competition', 'reducing prices', and 'preventing monopoly' were not accepted. Answers to this part should have focused on providing a fair and level playing field, preventing dominant companies from abusing their market position and favouring the interests of consumers.

PAPER IIA

Question 1: This question did not attract many respondents. Unfortunately few managed to handle the numerical part which required students to identify from the diagram given the 'overheads' (Lm500,000) and the 'expected profits' (Lm250,000) of the new order. Very few could calculate the 'direct cost', the 'selling price' per toy or the 'break even' order size.

Whilst responses to part (c) were adequate and the majority stated and explained the main factors that Carlos should consider before deciding to start exporting his product to other countries, responses to part (d) left much to be desired. Here students were required to list the disadvantages of non-delegation.

Some interesting replies surfaced in part (e) where students were required to explain whether they agreed or disagreed with the statement that 'competition between businesses in a market must be good for consumers and should always be encouraged'.

One can recommend that students should be given every opportunity to express their views on specific topics and that teachers should encourage students to speak their minds about argumentative topics.

Question 2: There were good responses to parts (a) and (b) regarding various reasons why the medical doctors chose the partnership form of legal organization and why it is so important that partners draw up a

Partnership Deed. However several students did not reply to the second part of this question which required information contained in such a document.

Part (c) proved more problematic to many and very few gave a reasonable reply to the question posed. Only a handful of students gave a reasonably good answer to 'why the engineers chose to form a private limited company as part of their expansion plans'. The majority of students could only list one reason why – the possibility of raising more capital. It is important to stress that essay questions require a deeper analysis of issues involved.

As regards part (d), more was expected from this argumentative question which also carried most marks. Students were asked to debate whether it would have been better if the engineers formed a public limited liability company or a workers' Co-Operative Society. Only the very best candidates handled this section in a satisfactory way.

Question 3: This proved a very popular question with some excellent responses mingled with as many poor ones. Sections (d) and (e) required better treatment. Students had to give an outline of motivational theory as described by Maslow and Herzberg and the main differences between an *autocratic* leadership style of management and a *democratic* style of management.

On the other hand students found little difficulty in describing five tasks normally performed by the Personnel Department and the importance of the job interview and how one should prepare him/herself for the interview.

Marks were lost because respondents did not answer the question as set by the examiners.

Question 4: This was another popular question. However students should be reminded to read the exam questions thoroughly to ensure that they answer all that is being asked of them.

Part (a) was generally well resolved. In part (b), whilst practically everyone listed three methods that governments use to restrict imports into the country, most candidates failed to explain how the business community stood to benefit from such restrictions.

Section (c) proved problematic because candidates failed to realize that this time round, they had to deal with the effects of an 'appreciation' of the Maltese currency rather than a 'devaluation'.

The numerical calculation presented in section (d) was incorrectly answered by several candidates, and as a consequence the recommendations were not that relevant.

Question 5: This popular question threw up some excellent responses mingled with as many poor ones. Sections (d) and (e) required better treatment. Students had to state what problems could 'poor communication cause for a business' and to explain how 'improvements in technology benefit communication between the general public and the business community'.

Once again, marks were lost because respondents did not answer the question as set by the examiners.

Question 6: Although many candidates could describe the main stages in the life of a product few could state the main reasons why the life of a car tends to be longer than the life of a bicycle.

Part (b) required students to explain why an understanding of the product life cycle is important in determining the 'marketing mix' for a product. Most students only wrote about 'the market mix' and made no reference to the 'product life cycle' or vice versa. On the other hand, most candidates were capable to give various good examples which clearly differentiated between 'informative' and 'persuasive advertising'.

Section (d), based on a very topical subject, that required students to explain who and how the Malta Tourist Authority has been trying to 'brand' Malta as a tourist destination, was left unanswered by many candidates.

Question 7: This question attracted very few respondents. Unfortunately, students were not well prepared for such important topics dealing with Research and Development, Quality, process choice, and the difference between internal and external economies of scale.

The examiners' wish is that ALL sections in the Business Studies Syllabus are treated and given the same importance by all students and teachers all the time.

Question 8: A large number of students seem attracted by this type of question BUT unless they are well prepared to carefully distinguish between the items listed in the question, and write intelligently about

fifteen items, then they should give all the due consideration when choosing such questions. As a matter of fact, a large number of candidates could only explain one or two of the three items.

The best answers related to parts (a), dealing with 'opportunity cost, fixed cost and social cost', and (g) regarding 'Memo, Memorandum of Association, and Articles of Association'.

'Job, Batch and Mass production' proved very confusing to some students. One has to remind students that Job Production refers to the making of a one-off item to a specific design, e.g. a wedding dress, building a power station, whilst Batch Production refers to the manufacture of a limited number of identical products using the same equipment, whilst mass production requires a high and consistent demand to make them economically feasible.

Confusion reigned supreme when students attempted to write about job centre, job description, job specification, and moreover, the roles of the Stock Exchange, the Central Bank and MFSA.

Concluding remarks

The educational aims of Business Studies are designed to provide a broad understanding of the activities that take place within the business environment and of the way in which changes in that environment influence business behaviour. Moreover students are expected to demonstrate not only an ability to recall knowledge, but also to deal with and analyse information in a coherent manner, be it written, in numerical or in graphical form.

The syllabus requires that the examination and quality of work offered must extend over all sections of the syllabus. Regrettably one can notice that some areas are totally neglected by most students, teachers or schools. One must emphasise that the best results are achieved by those candidates who show a consistent standard of performance across **all** questions and/or sections of the syllabus.

As far as P2A is concerned, students' performance was variable. At the top end there was a marked improvement in the quality of work, coverage, understanding, clarity of expression, and reasoned arguments to topical issues. The top candidates managed to consistently produce the key elements that all examiners look for, i.e. knowledge, understanding, clear analysis and application.

PAPER IIB

364 students opted for this paper. This represents 55.66% of all the students who sat for the subject.

Question 1: The overall standard of the answers for this question is quite reasonable. However, there were students who could not explain three problems facing a Maltese exporter whilst some students failed to explain the three problems they indicated in their answer. Some students could not mention three benefits that our country derives from foreign trade. What was rather shocking was that there were students who could not mention two services which banks provide to exporters. It is expected that all students should be knowledgeable on such important matters.

Question 2: There were some excellent contributions. It must be remarked that there were a minority of students taking this paper who found difficulties in describing basic terminology such as recruitment, job description and selection. It was not expected to find that some students do not know what a curriculum vitae is!

Question 3: As usual this is a question which is generally well answered. Weaker students did not know what autocratic, financial, gross pay, skills, currency and specialist meant.

Question 4: The quality of the responses to this question was quite satisfactory. However, part (d) was misunderstood by a considerable number of candidates. Students failed to explain the problems they mentioned in their answers whilst others mentioned inexistent problems.

Question 5: In general, the answers to this question left much to be desired. Many students did not know what factoring and extended credit from suppliers was all about. This was also the case with unsecured loans. What surprised me most was not knowing the difference between loan interest and dividends and not being able to describe a bank overdraft.

Question 6: In general students attempting this question scored good marks. However, many candidates failed to answer all the five parts of this question, notwithstanding the importance of this topic. Students should possess a good understanding of market research and of the difference between field and desk research. One should also expect students to be able to explain market segments and loss leaders.

Question 7: As was expected, a question dealing with Promotion always proves to be a favourite question. Having said this, it was not expected to find students who could not clearly distinguish between persuasive and informative advertising. Many students attempting this question could not explain the work done by an advertising agency.

Question 8: In general this was a well answered question. This subject area seems to be a favourite one with candidates. It was noted that many students could not explain in a clear way why job security is important to workers.

Concluding remarks

- (1.) Students should read all the questions before deciding which questions to attempt. Sometimes it happens that students choose a question because they are attracted to a particular topic. Then they may find out that they are unable to answer many parts of that particular question.
- (2.) Students should only attempt the number of questions asked for.
- (3.) Students should read the questions well. Some students fail to understand what is required from them. If the question requires an explanation, then one-worded answers are not acceptable.
- (4.) Students should be encouraged to work past papers. This should create the confidence and skill needed in answering examination questions.

**The Chairperson
Board of Examiners
July 2007**