FORM 4 BUSINESS STUDIES TIME: 1h 30min

Name: _______________________________ Class: __________

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STUDENT'S MARK
SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION. [20 marks]
Tick (√) the correct answer in the space provided. Each question carries 2 marks.

1. One of the objectives of a business organisation may be
   (a) evasion of tax due
   (b) customer satisfaction
   (c) worker exploitation

2. An example of specialisation by product is
   (a) a carpenter working on his own
   (b) a person employed in the cutting department
   (c) the supervisor in a clothing factory

3. One of the advantages of a free market economy is that
   (a) the economy responds quickly to changes in market demand
   (b) only profitable goods and services are produced
   (c) production is completely controlled by the government

4. The location of a business organisation may depend on
   (a) the level of taxation charged by the government
   (b) the number of computers used by the firm
   (c) the easy access to the materials required by the firm

5. A document which has to be issued by the Registrar of Companies to ALL registered companies is
   (a) the certificate of incorporation
   (b) the trading certificate
   (c) the memorandum of association

6. Privatisation refers to the
   (a) purchase of private firms by the government
   (b) sale of national industries to private investors
   (c) creation of new business organisation by the state

7. The Balance of Payments is the
   (a) total monetary value of all the country’s exports
   (b) total monetary value of all the country’s imports
   (c) summary of the country’s transactions with other countries

8. The European Union is an example of
   (a) a free trade area
   (b) a customs union
   (c) a trade barrier
9. **Direct taxation** refers to taxes on
   (a) expenditure
   (b) imports
   (c) income

10. **Piece rate** refers to the payment to workers
   (a) per hour worked
   (b) per day worked
   (c) per unit produced

**SECTION B: ANSWER ALL QUESTIONS IN THIS SECTION.** [60 marks]

Answer these questions on the foolscaps provided. Each question carries 20 marks.

- **Question 1**
  Read carefully the passage hereunder and then answer the questions which follow.

**Cooling Products Ltd** is a company producing ice-creams and cold drinks, mainly in summer. **Sweetie Ltd** is a confectionery company producing confectionery products such as cakes. The two companies decided to make a merger (integration) between them. The new firm will be called **The Sweet Refreshing Co. Ltd.**

(a) Define the term **merger (integration).**

(b) What type of merger does the paragraph illustrate?

(c) Give one (1) reason why Cooling Products Ltd and Sweetie Ltd would decide to merge.

(d) Sweetie Ltd could have merged with a coffee shop which serves coffee and cakes. What type of merger would this be?

(e) Give one (1) reason why Sweetie Ltd would decide to merge with a coffee shop.

(f) If Cooling Products Ltd were to grow internally rather than by amalgamation with other firms, give one (1) example of how this could happen.

(g) Cooling Products Ltd started off as a small firm. However, it survived in the market. Give two (2) possible reasons for this survival.

(h) Define the term **economies of scale.**

(i) Define the term **diseconomies of scale.**
Question 2
Study carefully the diagram hereunder, then answer the questions which follow.

(a) Why is the firm’s organisation chart important for the firm’s workers? (2 marks)

(b) What is the span of control of the Financial Controller? (1 mark)

(c) Who are the subordinates of the Research and Development Director? (3 marks)

(d) Describe the chain of command from the Board of Directors to the Contracts Manager. (2 marks)

(e) The Production Manager is responsible for two (2) supervisors: the Assembly Supervisor and the Finishing and Packaging Supervisor. Each of these two supervisors is in turn responsible for 8 workers. Add this information on the organisation chart in the space available in the diagram above. (4 marks)

(f) The Managing Director of the firm is described as a laissez-faire type of director. Explain what this means. (2 marks)

(g) Give your views regarding the disadvantages of this type of management (laissez-faire). (6 marks)
Question 3
Read carefully the passage hereunder and then answer the questions which follow.

The Managing Director of a local company would like to carry out market research about one of the company’s products. The Managing Director is not sure whether to carry out desk research or field research.

(a) Why is market research important for a business organisation?  (2 marks)

(b) (i) What do you understand by desk research?  (2 marks)
(ii) What do you understand by field research?  (2 marks)

(c) Give an alternative name for:
   (i) Desk research  (1 mark)
   (ii) Field research  (1 mark)

(d) Mention two (2) sources from where the firm could obtain the information for desk research.  (2 marks)

(e) What do you understand by the term test marketing?  (2 marks)

(f) (i) Mention one (1) advantage of questionnaires as used in research.  (2 marks)
(ii) Mention one (1) disadvantage of questionnaires as used in research.  (2 marks)

(g) (i) Mention one (1) advantage of interviews as used in research.  (2 marks)
(ii) Mention one (1) disadvantage of interviews as used in research.  (2 marks)

SECTION C: CHOOSE ONE (1) OF THE FOLLOWING TOPICS AND ANSWER THE RELATED QUESTIONS ON THE FOOLSCAPS PROVIDED.

Each topic carries a total of 20 marks.

1. An important institution is the Malta Stock Exchange.
   (a) What is the main objective of the Malta Stock Exchange?  (2 marks)
   (b) Explain how this objective helps the Maltese economy.  (6 marks)
   (c) Mention and explain four (4) other roles of the Malta Stock Exchange.  (12 marks)

   OR

2. One of the groups in the business environment is the trade union.
   (a) What is a Trade Union?  (2 marks)
   (b) Explain in some detail two (2) main aims of a trade union.  (6 marks)
(c) What is the difference between conciliation and arbitration in the context of industrial disputes? (4 marks)

(d) Explain briefly each of the following terms:
   (i) Strike (2 marks)
   (ii) Go slow (2 marks)
   (iii) Sit-in (2 marks)
   (iv) Lock out (2 marks)

OR

3. Business ethics is an important issue in the business world.
   (a) What do you understand by the term business ethics? (2 marks)
   (b) Why is it important for business organisations to observe business ethics? (4 marks)
   (c) How can the government try to ensure that firms observe business ethics? Give two (2) relevant examples. (6 marks)
   (d) Mention and explain four (4) examples of business ethics which firms are expected to follow. (8 marks)