

BUSINESS STUDIES SYLLABUS

INTRODUCTION

Business Studies is a dynamic, rigorous subject based on real life experiences and occurrences. It should be presented to the student in such a way as to clearly portray its relevance to everyday life. Furthermore, Business Studies should arouse the student's interest in such a way as to instigate the student to research further and keep abreast with developments as presented in the media. It should be constantly updated to reflect any changes in the economic, commercial, social, political, legal and technological world, with special reference to the Maltese context. Knowledge and understanding of the subject by themselves are not enough but the student must gradually develop analytical skills as well as be able to evaluate and solve related problems. Thus, Business Studies should be **a tool for lifelong learning**. Moreover, it should be made clear to the students from the very beginning that the term "Business" is not taken to mean merely the equivalent of the word "negozju" in Maltese but that it relates to any type of employment, commercial activity or any organisation providing a good or a service.

AIMS

1. To equip the student with a broad understanding of the activities that take place within a business environment with special reference to the local environment and the way in which changes in that environment influence business behaviour.
2. To help students realise the dynamic nature of the business world, making them aware of changes in the economic, commercial, social, political, legal and technological spheres, and how these affect business activity.
3. To develop an understanding of the roles and purposes of business activities in the public and private sectors as well as the diversity and complexity of competitive and monopolistic business activities.
4. To become aware of how the main types of business organisations are set up, organised, financed and operated and their interactions and interdependence with other organisations, consumers, employees, owners and society.
5. To develop an appreciation of the marketing of factor inputs and product outputs of businesses and the forces which determine and control them.
6. To acquire knowledge of the business language, concepts and communication skills in the decision making process.
7. To develop numeracy and literacy skills in the acquisition of data and how to interpret and present
8. such information after it has been analysed.
9. To develop an appreciation of the interdependence of all participants in the working world and how such socio-economic development may be enhanced by the co-operation and ethical behaviour of all individuals, be they employers, employees or consumers.

ASSESSMENT OBJECTIVES

Students of Business Studies should be able to:

1. Recall knowledge in relation to the specified syllabus content.
2. Use this knowledge in verbal, numerical and diagrammatic form.
3. Explain and use within the context of business, appropriate terminology, concepts, numerical calculations and elementary theories.
4. Recognise, select, interpret and apply data.
5. Organise information and apply it in an appropriate way to the solution of business problems.
6. Distinguish between evidence and opinion, make reasoned judgements and communicate them in an accurate and logical manner.
1. Be catalysts to change by making proposals and suggestions when analysing current situations in the business world.

EVALUATION

Students are evaluated through **formative** and **summative** assessment. In **Form 3**, 15% of the annual global mark consists of formative coursework to be presented at the end of the year whereas the remaining 85% of the global mark is allotted in the summative annual examination.

In Form 4, students are expected to start working on a project which is to be finalised in Form 5 and presented to the SEC examination board as part of their SEC examination. The titles of this project are chosen and listed by the MATSEC board.

BUSINESS STUDIES

FORM 4 SYLLABUS

| THE PURCHASING FUNCTION | | |
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| 1 | (i) Choosing suppliers | Functions of the purchasing department and characteristics of the purchasing staff. Choosing the right suppliers and the advantages/disadvantages of having more than one supplier. |
| | (ii) Stock Control | Definition of stock control and <i>overstocking</i> as well as <i>understocking</i> together with their advantages and disadvantages. Meaning of <i>JIT(Just in Time)</i> and <i>FIFO (First In, First Out)</i> . The Stock Control Card or Stock Record Card with emphasis on Maximum Stock Level, Minimum Stock level and Re-order level. Reference also to Computerised Stock Record and including the bar code. Reasons for inaccurate records of stock Periodic or permanent inventory/stock-check |

| THE BUSINESS ENVIRONMENT | | |
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| Economic Environment | | |
| 2 | (i) Specialisation and Division of Labour | Define Specialisation by Industry or Product Define Specialisation by Process/Task and Sub-Process Define Specialisation due to Geographical Factors, like physical conditions (e.g. finding raw materials in a particular area) and climatic conditions. Define Division of Labour, referring to the factory system/assembly line/mass production/automation. Advantages and Disadvantages of Division of Labour. |

| THE PRODUCTION FUNCTION | | |
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| 3 | (i) The production department | The function of the Production Department and its links with the other departments. <i>Production planning or organising production</i> |
| | (ii) Types of production | Reference to the three types of production: unit/ job production, flow/mass production, batch production. Refer to advantages and disadvantages |
| | (iii) Quality | The importance of quality in producing. Reference to progress chasers and quality controllers Standards with reference to the EU Standards and the CAM (computer aided manufacturing), and CIM (computer integrated manufacturing) |
| | (iv) Location of Industry/Production | Definition and factors affecting the location of industry in one place and not another depending on the type of production. Refer also to such terms as: footloose firms, industrial inertia. External and internal economies and diseconomies of scale. |

| BUSINESS OWNERSHIP: COMPANIES | | |
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| 4 | (i) Limited Liability Companies (Joint Stock Companies): Private (LTD) Public (PLC) (ii) Co-operatives: Consumer Producer | Advantages and disadvantages of each type of business. Define limited and unlimited liability. Difference between private and public companies. Companies: separate legal existence / corporate personality. Explain shares, dividends, shareholders, Annual General Meetings (AGMs), Proxy Issuing ordinary and/or preference share, |

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| | | <p>debentures (knowledge of cumulative, participating and redeemable preference shares is not required).</p> <p>For companies, mention ownership, control & responsibility, motive, finance and distribution of profits.</p> <p>Finance includes ploughing back of profits/retained earnings. Define drawings.</p> |
| | (ii) The Birth of a company | <p>Memorandum and Articles of Association Certificate of Incorporation by Registrar of Companies</p> <p>Plc's: prospectus and selling of shares (brief description of the role of the Stock Exchange to sell securities); Trading certificate by the Registrar of Companies</p> <p>How the Malta Stock Exchange functions. The role and importance of the Stock Exchange to investors, government and businesses</p> |
| | (iii) Nationalisation/Privatisation | Meaning of terms. Advantages and Disadvantages of each. |
| | (iv) Franchising | <p>Definition of a franchise agreement and examples of franchising in Malta.</p> <p>Definitions of franchiser and franchisee.</p> <p>Royalty payments.</p> <p>Advantages and Disadvantages of Franchising.</p> |
| | (iv) Oligopoly, monopoly, multinational and globalisation | A short explanation of these terms |

| THE BUSINESS ENVIRONMENT | | |
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| Business Objectives | | |
| 5 | (i) Main Business Objectives | Profit and Sales maximisation / Survival / Growth / Customer Satisfaction / Goodwill. |
| | (iv) Methods of Growth | |
| | <ul style="list-style-type: none"> Internally | Internal Expansion e.g. increasing production or extending range of products |

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| | <ul style="list-style-type: none"> Externally | <p>Amalgamation or Integration resulting in a Merger or Take-over.</p> <p>Definition of the above terms and different forms of Integration: Vertically (Backward/Forward), Horizontal, Conglomerate, Lateral.</p> |
| | (v) Diversification | <p>Define the term and relate to Internal and External Expansion.</p> <p>Mention and explain Holding Company and Multinational Company.</p> <p>Effects of Multinationals on the economy.</p> |
| | (iv) Large Scale Organisations vs. Small Firms | <p>Advantages and Disadvantages of Large-Scale Organisations (Economies and Diseconomies of Scale).</p> <p>Why do small firms still survive?</p> |
| Stakeholders' Objectives and Business Ethics | | |
| | (i) Responsibilities of Business to various groups of people and the community as a whole. | <p>To producers, consumers, owners, employees, trade unions, employers' associations, government and tax payers.</p> |
| | (ii) Business Ethics | <p>Promote the dignity and quality of life of persons by creating a sense of community at the workplace.</p> <p>Be compliant with EU directives (as reflected in Maltese laws) on production processes e.g. health and safety regulations.</p> <p>Have ethical dealings with regulatory bodies and labour unions.</p> <p>Take every precaution to safeguard the national, social and global environment/sustainability of resources. Do not indulge in corrupt practices.</p> <p>Pay all due taxes.</p> <p>Dispose waste responsibly(e.g. construction)</p> |

| INTERNATIONAL TRADE | | |
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| 6 | (i) Foreign Trade and its Importance | Meaning of Imports and Exports. Arguments in favour of International Trade to small island states. |
| | (ii) The Balance of Payments and its components | Meaning of: <ul style="list-style-type: none"> • Visible and Invisible Trade • Balance of Trade (Trade Gap) • Current Balance • Balance of Payments Elementary calculations relating to the above. (Reference to Deficit/Surplus) |
| | (iii) Trade Protection | Correcting a B-O-P Deficit through: <p>(a) Import Controls (Barriers to Trade/Free Trade Restrictions, Quotas, Import Licences, Tariffs, Embargo, Exchange Control Regulations and Subsidies.</p> <p>(b) Increasing Exports: Subsidies to exporters, Tax Relief, Export Credit Schemes and Trade Agreements.</p> <ul style="list-style-type: none"> • Functions of Import Controls. • Arguments against Protectionism through Import Controls |
| | (iv) Problems in Foreign Trade | Problems encountered by firms trading abroad and reference to help provided to exporting firms: <p>(a) Government help: Department of Trade/Industry; Embassies; Government Agencies.</p> <p>(b) Various Trade Associations: Chambers of Commerce, Trade Associations, Banks.</p> |
| | (v) Trading Blocs | Meaning of Trading Blocs with reference to Free Trade Areas and |

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| | | <p>Customs Union.</p> <p>Reference to the European Union and other trading groups.</p> <p>Malta's main trading partners and Malta's place in the EU. Impact of EU on local trade practices.</p> |
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| FINANCE | | |
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| 7 | An Introduction to Finance | <p>The role of the department and the accountant: <i>financial accountants, cost accountants, management accountants.</i></p> |
| | (ii) Sources of Finance for the Private Sector | <p>Distinction between internal and external sources of finance</p> <p>Internal Sources: personal savings, retained profits, selling of assets, investing surplus cash and reducing stock.</p> <p>External Sources: trade credit, bank loans and overdrafts, mortgages. leasing & hire purchase, shares issue, debentures and government grants. Issuing of Shares as another way of raising finance</p> |
| | (iii) Banks and their services | <p>Services of banks to business: safekeeping of money, transfer of money, lending of money and other services.</p> <p>Reference to different types of accounts: current, fixed, savings. Safe-deposit boxes and night safes.</p> <p>Refer to: cheques, bank drafts, credit transfers and direct debits, standing orders, cash dispensers – ATM's plastic money.</p> <p>Lending of money: loans, overdrafts, credit cards, bridging of loans, discounting of bills of exchange. Other services including consultancy and advice; and status checks</p> |
| | (iv) Distinction between commercial banks and the Central Bank | <p>A brief overview of the main functions of the Central Bank as distinct from those of</p> |

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| | | commercial banks. |
| | (v) Income and Expenditure | The difference between revenues and costs of a firm (Just a simple definition of costs and revenues). |
| | (vi) Distinction between Capital and Revenue Expenditure | Definition and examples of each |
| | (vii) Sources of Finance for the Public Sector | <p>General taxation: Direct and Indirect Taxation; Progressive and Regressive Taxation. Mention and define: Income Tax, Inheritance Tax, Capital Gains Tax, Corporation Tax, Customs and Excise Duty, VAT.</p> <ul style="list-style-type: none"> • Borrowing from the Treasury • Retained Profits/ploughing back of profits • N.I. Contributions • Borrowing from outside sources • Sale of Assets |
| | (viii) Sources of Finance for the Private Sector | <p>Reference to different types of shares (Preference/Ordinary) and their characteristics.</p> <p>Factors affecting share prices.</p> <p>Different methods of share issue: Bonus Issue, Offer for Sale, Placing, Rights Issue, Tendering & Public Issue. Debenture issue.</p> <p>Compare and contrast shares with Debentures.</p> <p>Factors affecting the methods of Finance chosen</p> |

INDUSTRIAL RELATIONS

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| 8 | (i) Trade Unions & Employers' Associations as Formal Groups | The meaning of Industrial Relations. Meaning of Trade Unions and reasons for |
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| | | <p>their existence.</p> <p>Different types of Unions: General Unions, Industrial Unions, White Collar Unions, Craft Unions.</p> <p>The aims of Trade Unions, their importance to the employee and to the employer. Negative aspects of Unions.</p> <p>Explanation of the following terms relating to TU: Collective bargaining, Industrial Disputes, Conciliation, Arbitration, Industrial Tribunal, Industrial Action, Restrictive practices (different types of strikes, demarcation, overtime ban, work to rule, go slow, closed shop, sit-in, blacking, lock-out) and Picketing.</p> <p>Employers' Associations, as distinct from Trade Unions.</p> |
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| AIDING AND CONTROLLING BUSINESS ACTIVITY | | |
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| 9 | <p>a) Aids for Business</p> <p>(i) Government Aid</p> | <p>Including: information through government published data; export aid through government departments, public corporations & consular offices; financial assistance such as subsidies and regional enterprise grants; training & employment schemes.</p> |
| | <p>(ii) Non-government Aid</p> | <p>Advice and financial assistance from commercial banks; Chambers of Commerce and other constituted bodies; Trade & Professional Associations; Co-operation (Pooling of research & equipment, marketing and Trade Exhibitions).</p> |
| | <p>b) Controlling Business</p> | |
| | <p>(i) Government Control through:</p> <ul style="list-style-type: none"> • Consumer Law | <p>Meaning of Consumer Protection and why consumers should be protected. Reference to the eight basic consumer rights and highlights of legislation emanating from these rights, with special reference to the Consumers' Affairs</p> |

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| | | Act. Working of the consumer and competition division |
| | <ul style="list-style-type: none"> • Employment Law • Competition Law (special reference to EU competition policy) • Care of the Environment & Industrial Location | <p>Reference to Industrial Law in Malta which was previously divided into the CERA (Conditions of Employment Act – 1952) & the IRA (Industrial Relations Act – 1976). These Acts have now been replaced by the EIRA (Employment & Industrial Act).</p> <p>The importance of Competition Law & Fair Trading to: ensure that all firms can compete on a fair and level playing field; prohibit any distortions in competition; prevent large firms from dominating the market & abusing of their power; prohibit excessive amounts of subsidies paid by governments to certain companies; and protect the interests of consumers in order to benefit from a wider choice of commodities at better quality and cheaper prices.</p> <p>Reference to controls relating to the Environment and Location of Industry</p> |
| | (ii) Non-government Control: <ul style="list-style-type: none"> • Pressure Groups • Other Agencies | <p>The meaning and role of pressure groups. Examples of Pressure groups. Types of pressure groups: Consumer & Self-help. Methods used to exert pressure.</p> |