



Annual Examinations for Secondary Schools 2014

FORM 4

BUSINESS STUDIES

MARKING SCHEME

The aim of this Marking Scheme is to ensure a greater degree of objectivity in marking the exam papers. However, when different answers are given from those listed below, it is at the discretion of the teacher as to whether the marks should be allotted or not.

SECTION A

20 marks in total – 2 marks for each correct answer.

1 (b); 2 (a); 3 (a); 4 (c); 5 (a); 6 (b); 7 (c); 8 (b); 9 (c); 10 (c).

(10 x 2 marks)

SECTION B

60 marks in total – 20 marks for each Question.

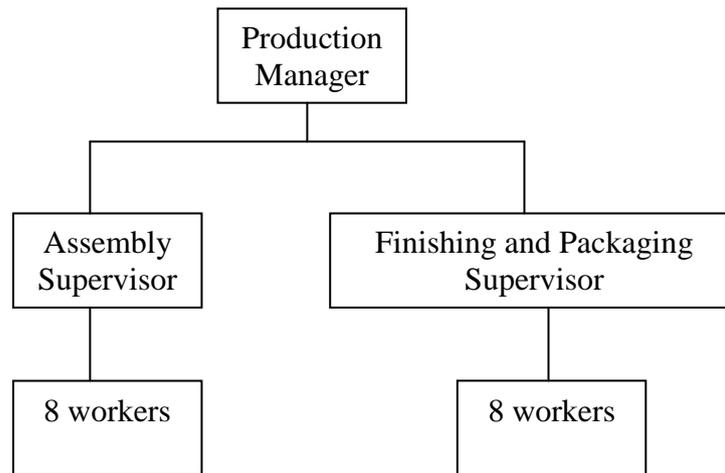
Question 1

- (a) A **merger** is when two or more firms join together (amalgamate) into one business. *(2 marks)*
- (b) Horizontal merger (integration). *(2 marks)*
- (c) *Any one of the following:*
Economies of scale; rationalisation; greater market share; greater market power; spread of risks; less competition; diversification. *(2 marks)*
- (d) Vertical merger (integration). **Accept also** Forward vertical merger. *(2 marks)*
- (e) *Any one of the following:*
To ascertain outlets for own products; to restrict outlets for competitive products (competitors); to spread risks by selling goods not produced by itself; to reach new markets (new areas). *(2 marks)*
- (f) *Any one of the following:*
Increasing production; extending the range of products. *(2 marks)*
- (g) *Any two of the following:*
Small size of the market; co-operation with other firms; technical factors; government assistance. *(2 × 2 marks)*
- (h) The case when average costs fall as output (production) increases. *(2 marks)*
- (i) The case when average costs rise as output (production) increases. *(2 marks)*

Question 2

- (a) It shows how the firm is organised and how commands flow from one level to another. (2 marks)
- (b) Two (2) (1 mark)
- (c) Research Manager; Testing Manager; Development Manager. (3 marks)
- (d) The Board of Directors passes on the message to the Managing Director. The Managing Director passes on the message to the Purchasing Director. The Purchasing Director passes on the message to the Contracts Manager. (2 marks)

(e)



(4 marks)

- (f) This means that the manager assumes that workers enjoy work, workers can be encouraged to accept responsibility, are clever and creative, benefit psychologically from the challenges of work and are capable to impose self-discipline in an undirected way. (2 marks)
- (g) This type of management will exert little or no control on workers as the management believes that the workers will impose self-discipline on themselves. Thus, some workers may feel undirected and will be lost. Others will abuse of the system, thus the output of the firm may fall and be of low quality. (6 marks)

Question 3

- (a) Market research gives an idea about the wishes and the level of demand of the market (consumers) for a particular product. (2 marks)
- (b) (i) **Desk research** is when the data is collected from existing information. (2 marks)
(ii) **Field research** is when the firm collects new and original information itself. (2 marks)
- (c) (i) Secondary research (1 mark)
(ii) Primary research (1 mark)
- (d) Any *two* of the following:
Official reports, national statistics, trade magazines, past research, sales reports, or any other answer deemed suitable. (2 × 1 mark)
- (e) **Test marketing** is the testing of a new product in a small, well defined part of the market. (2 marks)

- (f) (i) *Any one of the following:*
A questionnaire may be filled up at leisure in the home.
There is no interference by the interviewer.
Can tackle embarrassing questions.
The respondent remains anonymous.
Or any other answer deemed suitable. (2 marks)
- (ii) *Any one of the following:*
Many questionnaires may not be returned.
No control on who is answering the questions.
They eliminate illiterate people.
No answers may shift the bias of the sample.
Expensive.
Long questionnaires discourage respondents.
Or any other answer deemed suitable. (2 marks)
- (g) (i) *Any one of the following:*
Less people refuse to take part in an interview.
It may tackle more complex questions.
Respondents may not know what questions follow.
Ambiguity may be tackled by the interviewer.
Data may be collected more quickly.
All people may be involved.
Refusals will be known and may be replaced by similar substitutes.
Or any other answer deemed suitable. (2 marks)
- (ii) *Any one of the following:*
It may take long to interview many people.
Interviewers need to be more experienced.
The interviewer may influence the respondent's answers.
Anonymity may be lost.
Not very suitable for embarrassing questions.
Respondent may try to please the interviewer.
Or any other answer deemed suitable. (2 marks)
-

SECTION C

20 marks in total.

1. (a) The main objective of the Malta Stock Exchange is to make it easy for investors to sell, buy and exchange shares and bonds (stocks). (2 marks)
- (b) Investors will be more willing to buy shares listed on the Stock Exchange as they will find it easier to sell their shares later on. Thus, listed companies will find it easier to increase their capital. In this way, the general public may be ready to invest in public limited companies. There will be less idle money in banks or in the hands of people. (6 marks)

(c) Any **four** of the following:

- List price of all shares – The Malta Stock Exchange has a market price for all shares, so investors would know whether they are selling and/or buying the shares at the right price.
- A barometer of the economic situation – The movements in the Stock Exchange usually indicate how the economy is doing at the moment.
- Control of listed companies – The Malta Stock Exchange has its regulations and conditions, and the companies listed on the Stock Exchange have to abide by these conditions.
- Control over intermediaries – Stock Brokers (Stock Traders) are also regulated by the Malta Stock Exchange, besides being regulated by the MFSA. This ensures that the rights of the investors are safeguarded.
- Correct procedures – The MSE sees that all transactions are carried out fairly, both for the buyer as well as for the seller.
- Prompt payment of transactions – The MSE sees that concluded transactions are settled within the required period. Penalties may be issued for negligence.

Or any other answer deemed suitable.

(4 × 3
marks: 1
mark for the
correct role
and 2 marks
for the
correct
explanation)

2. (a) A trade union is an association of workers formed to promote the interests of its members with their employers.

(2 marks)

(b) Any **two** of the following:

- To improve the work conditions of the workers. These include improvement of the working environment.
- To improve the working conditions of the workers. These include the time of work, holidays, promotion possibility and fringe benefits.
- To see to the health and safety of the workers at the place of work. Trade unions see that the workers' safety is considered at all times, and hazards at the place of work are reduced to the absolute minimum.
- To represent workers in case of disputes. Trade unions see that the rights of the workers are safeguarded and if they are not, they will represent the workers.
- To represent individual workers in personal cases. There could be cases where a single worker has a dispute with his/her employer. The trade union will represent the worker in such situations.
- To give advice to workers. Sometimes workers, individually or collectively, may have problems, difficulties or queries and the trade union will be able to advise the workers accordingly.
- To influence the government on legislation regarding the rights of the workers at the place of work. Many laws in favour of the workers have been passed with the effort of the trade unions.

Or any other answer deemed suitable.

(2 × 3
marks: 1
mark for
each correct
item and 2
marks for
each correct
explanation)

(c) Conciliation is when the two sides in a dispute are brought together to try to settle the dispute in a way acceptable to both.

(2 marks)

Arbitration is when an independent person is used to help to settle a dispute. The decision of the arbiter would be final.

(2 marks)

- (d) (i) Strike – a form of industrial action in which workers do not attend to work. (2 marks)
- (ii) Go slow – when workers are asked to work at a slower rate. (2 marks)
- (iii) Sit-in – when the workers occupy the premises during a strike but do not work and do not let others work. (2 marks)
- (iv) Lock out – when a firm locks out workers from the working premises during a dispute. (2 marks)
3. (a) Business ethics are the moral principles applied to the running of a business. (2 marks)
- (b) Business organisations should observe business ethics so that conflicts would be reduced. Sometimes, being unethical would mean infringing the rights of others (workers, consumers or competitors). This would create friction in the business environment. (4 marks)
- (c) The government can try to ensure that firms observe business ethics by means of laws and the creation of authorities. (2 marks)
 Examples are (*any two of the following*): Consumer Protection Act, Employment Act, Competition Act, Care of the Environment and Industrial Location Act, Health and Safety Regulations. (2 × 2 marks)
- (d) *Any four of the following*:
- Promote dignity and quality of life. This is done especially at the place of work. Workers should be treated as humans and the employer should acknowledge the fact that workers have a life and other interests outside the place of work.
 - Be compliant with health and safety regulations. The employers should provide a safe place of work with no, or as little as possible, hazards to health and danger. The provision of safety equipment is the minimum one expects.
 - Have ethical dealings with regulatory bodies. Businessmen should not give false descriptions and false information which is required by regulatory bodies.
 - Have ethical dealings with labour unions. When dealing with trade unions employers should be fair and abide by what would have been agreed.
 - Do not indulge in corrupt practices. Corruption is a form of being unethical. In many cases corruption takes place so that one takes what one is not entitled to.
 - Pay all due taxes. Taxes are levied by the government to pay for capital expenditure in the country or to help those in need. Not paying the due taxes would mean that either the tax rates would be raised for those who do not afford to pay more or some projects would be dropped.
 - Safeguarding the environment. Even if not against the law, certain decisions would damage the environment unnecessarily. Businesses should avoid being harmful to the environment by means of their actions. (4 × 2 marks)