

Annual Examinations for Secondary Schools 2022

YEAR 9	BUSINESS STUDIES	MARKING SCHEME
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SECTION A **[10 marks]**

- 1 (c) 2 (a) 3 (b) 4 (d) 5 (d)
(2 marks for each correct answer)

SECTION B **[10 marks]**

6. **1 mark for each correct answer.**

(a)	Basic needs	(i)	Wage
(b)	Choice	(d)	Feedback
(c)	Organisation chart	(k)	Retirement
(d)	Communication	(h)	Recruitment
(e)	Graph	(b)	Scarcity
(f)	Age distribution	(e)	Non-verbal communication
(g)	Occupational mobility	(j)	Non-financial incentive
(h)	Human Resources Department	(a)	Food
(i)	Flat rate	(c)	Chain of command
(j)	Job satisfaction	(f)	Dependency ratio
(k)	Job termination	(g)	Job opportunities
			Indirect production

SECTION C **[10 marks]**

1 mark for each correct answer.

7. When a business needs to employ new workers a [**job description** / job evaluation / job appraisal] is prepared.
8. Unemployment which affects a particular industry in the economy is called [frictional / **structural** / cyclical] unemployment.
9. Each choice involves [stages of production / economic sectors / **opportunity cost**].
10. One of the disadvantages of the barter system is [inflation / **divisibility** / value].
11. An item can be considered as money if it is [**universally accepted** / graphically designed / locally printed].
12. A [consumer / durable / **capital**] good is an item used by a firm in its production process.
13. [**Oil drilling** / Carpentry / Wholesaling] forms part of the extractive sector.
14. The [production / marketing / **purchasing**] department is responsible to buy the goods and equipment a business needs.

15. A letter is an example of [verbal / **written** / non-verbal] communication.
16. Demography is the study of [dependency / unemployment / **population**].

SECTION D

[50 marks]

17. (a) A brand name is a unique name under which a product is marketed in order that it is identified from others. (2 marks)
- (b) A trade mark is a name, logo or symbol used to distinguish a product from that of competitors. (2 marks)
- (c) Branding and trade marks are important as they distinguish the products of a firm from that/those of other firms. (2 marks)
- (d) Market penetration is a pricing strategy whereby a low price is set so as to enable a firm to enter a market with a product or products. (2 marks)
- (e) Price discrimination is a pricing strategy whereby different prices are set in different market segments. (2 marks)
- (f) (i) Capturing the market is a strategy where prices are set lower than those of competitors in order to drive out competition or to win the largest share of the market. (2 marks)
- (ii) Creaming the market is a strategy where prices are set high in order to earn high profits in the shortest time possible either to recover capital costs as soon as possible or to be able to lower prices when competition starts. (2 marks)
- (g) Marketing is a range of activities which ensures that customers get what they want, in the right amounts, at the right time and in the right place. (2 marks)
- (h) The product life cycle is a theory or diagram stating that all products go through a number of stages from introduction into the market until they are withdrawn from the market. (2 marks)
- (i) Product, price, place, promotion, processes, physical evidence, people. (7 marks)

[Total for Question 17: 25 marks]

18. (a) (i) Type X Manager – Joan (1 mark)
- (ii) Type Y Manager – Maria (1 mark)
- (b) A Type X manager believes that workers try to avoid work [1] and they need to be forced or financially encouraged to work hard [1]. Workers have little interest in the work and like to avoid responsibility [1]. Workers have little imagination [1] and only the boss's ideas are good so everything has to be approved by him/her [1]. (5 marks)
- (c) A Type Y manager believes that workers can enjoy work and find it satisfying [1]. They can be encouraged to accept responsibility [1]. Workers can be clever and creative [1] and they are capable of imposing self-discipline [1]. Employees are believed to benefit psychologically from the challenges of work [1]. (5 marks)

- (d) (i) Autocratic management is that type of management where ideas are not discussed [1], the boss thinks that s/he is always right [1] and so only her/his are adopted [1]. (3 marks)
- (ii) Democratic management is that type of management where ideas are discussed [1] since the management believes that the workers are able to be creative and responsible [1] but control is also required [1]. (3 marks)
- (iii) Laissez-faire management is that type of management that believes that workers are always responsible [1] and need no control and direction [1] since all workers benefit from being responsible and creative [1]. (3 marks)
- (e) Democratic management is the best type of management. (1 mark)
Some workers can give a valid contribution to the firm which employs them [1]. Giving them responsibility could be an incentive for them [1] but it is important that they are also controlled [1]. (4 marks)

[Total for Question 18: 25 marks]

SECTION E

[20 marks]

19. (a) (i) The free market is an economic system completely controlled by the private sector. (1 mark)
- (ii) The planned economy is an economic system completely controlled by a centralised authority (the state). (1 mark)
- (iii) The mixed economy is an economic system where the private sector and the public sector exist with relatively equal economic importance. (1 mark)
- (b) (i) *Any two of the following: 1 mark for mentioning the advantage and 3 marks for the explanation:*
- More efficiency – Since there is competition [1] producers have to be efficient to be able to compete [1] and to attract consumers to their products [1].
 - Production focused on what people prefer – Since producers aim to make a profit [1] they produce what people would like to have [1] so that they can ascertain sales and profit [1].
 - Greater consumer choice – Since there is competition [1] different firms offer similar products [1] from which consumers can choose [1].
 - The real needs of the market are satisfied – Consumers can decide for themselves [1] which wants to satisfy [1] and how to satisfy them [1].
 - It is a flexible system – The free market is based on the function of demand and supply [1], thus there are economic indicators [1] which indicate to producers which products to produce and which to discontinue [1].
 - No barriers to participation – There are no restrictions [1] to stop those willing to participate in the economy [1], thus increasing choice [1].
- Or any other **economic** advantage deemed correct.*
(2 marks × 2 for a maximum of 4 marks)

(ii) *Any two of the following: 1 mark for mentioning the disadvantage and 3 marks for the explanation:*

- It is subject to fluctuations – Since demand changes frequently, [1] some products may become less popular [1] leading to unemployment and slow down in the economy [1].
- Monopoly may be created – Some firms are stronger than others [1] and they can drive out smaller firms or take them over [1], thus, creating a monopoly where the market will be supplied by one firm only [1].
- Only profitable goods are produced – The free market does not produce public and merit goods and other necessary goods and services [1] unless they are profitable [1] since firms seek to make a profit [1].
- Only private costs are considered – Private firms are concerned with profit [1] and they consider their own private costs [1] and would ignore social costs [1] such as pollution and the environment.
- Wasteful duplication of resources – Since all firms have the right to participate in the economy [1], they may do this without consideration of the needs of the economy [1] and production may be in excess of demand (quantity required) [1].
- Economic anarchy may develop – Some firms can become very large [1] due to driving out other firms and they may become very important for the economy [1] and may even threaten governments [1] if things are not done in the way they wish.

*Or any other **economic** disadvantage deemed correct.*

(2 marks × 2 for a maximum of 4 marks)

(c) (i) *Any two of the following: 1 mark for mentioning the advantage and 3 marks for the explanation:*

- Necessities are given a priority – The state will put the people's needs above profitability [1], thus needs are preferred to luxuries [1] even if the latter are more profitable [1].
- The production of public and merit goods – The state will produce public and merit goods [1] even if these are not profitable [1] since they are deemed important for the people [1].
- Production of necessary non-profitable goods – Some goods are not profitable since demand for them is low [1] or the state deems that the price should be kept low [1] and, thus, the state will still produce them [1].
- Stability – A planned economy is a stable economy without fluctuations [1] since production and consumption can be planned and controlled [1] without having changes in the production pattern [1].
- Full employment may be planned – Since production can be planned [1] and all resources are controlled by the state [1], the state may prefer to use labour rather than machinery and equipment [1].

*Or any other **economic** advantage deemed correct.*

(2 marks × 2 for a maximum of 4 marks)

(ii) *Any two of the following: 1 mark for mentioning the disadvantage and 3 marks for the explanation:*

- Lack of consumer choice – Consumers lack the possibility to make their own choices [1] since they have to buy from what the state decides to produce [1] and usually there is no variety in products [1].

- Lack of consumer satisfaction – Consumers have to go by what the state decides [1] and there is lack of variety [1] and there is no consideration for individual needs and tastes [1].
- It is a rigid system – Since consumers cannot express their preferences through demand [1], there are no economic indicators that consumer preferences are changing [1] and the same products will continue to be produced [1].
- Inefficiency – Since there is no profit incentive [1], individual players will lack efficiency [1] since they will not gain personally from efficiency [1].
- Low output – Since there is no personal incentive to increase productivity [1], production is low [1] leading to rather expensive and low quality products [1].
- Low standard of living – Since production is low [1] and usually quality is low too [1], the people's standard of living is also low [1].

*Or any other **economic** disadvantage deemed correct.*

(2 marks × 2 for a maximum of 4 marks)

- (d) Malta practice a mixed economic system since both the private sector and the public sector play an important economic role. (1 mark)

[Total for Question 19: 20 marks]

20. (a) Land, labour, capital, entrepreneur (4 marks)

- (b) Land – All natural resources [1] which have not experienced human intervention [1].
 Labour – Human effort [1], both mental and physical [1].
 Capital – Man-made resources [1] or resources involving human intervention [1].
 Entrepreneur – The person making business decisions [1] and combining the other factors of production [1]. (Total 8 marks)

- (c) Land – rent (1 mark)
 Labour – wage (1 mark)
 Capital – rate of interest (1 mark)
 Entrepreneur – profit (1 mark)

- (d) *Any four of the following:*
- Goods are tangible while services are intangible.
 - Goods have physical existence while services do not have physical existence.
 - Goods may be durable while services are always non-durable.
 - The production, purchase and consumption of goods usually occur at different instances, in the case of services they occur concurrently.
 - The buyers and the consumers of goods may be different persons while in the case of services they are often the same person.
 - The trading of goods involves the transfer of ownership while the giving of a service does not involve the transfer of ownership.
 - It is easier to replicate goods and repeat production while it is difficult to do so in the case of services.

Or any other answer deemed correct.

(1 mark for each correct answer for a maximum of 4 marks)

[Total for Question 20: 20 marks]

21. (a) A partnership is a formal arrangement by two or more parties [1] to manage and operate a business and share its profits [1]. (2 marks)
- (b) Two (2). (1 mark)

- (c) There is no maximum limit. (1 mark)
- (d) (i) Limited liability means that the obligation of the owners of a business [1] is restricted (limited) to the amount invested in the business [1]. (2 marks)
- (ii) Unlimited liability means that the owners of the business may be asked to pay business creditors from private funds [1] if the assets of the business are not enough to pay business obligations (liabilities) [1]. (2 marks)
- (e) A sleeping partner is a person who contributes financially towards the capital of the partnership [1] but is not involved in the decisions and daily running of the business [1]. (2 marks)
- (f) A partnership deed is a legal agreement [1] which mentions all the essential terms and conditions related to the business [1]. such as profit/loss sharing, obligations, admission of new partner/s, decided rules, salaries, exit process, etc. (2 marks)
- (g) *Any two of the following:*
- Capital to be invested by each partner.
 - How to share profits and losses.
 - Partnership salaries.
 - Partners' obligations.
 - Admission of new partners.
 - Decided rules.
 - Exit process.
- (1 mark for each correct answer for a maximum of 2 marks)
- (h) (i) *Any three of the following:*
- Greater degree of specialisation than a sole trader.
 - More access to capital than a sole trader.
 - Can achieve larger size.
 - Can use the various experiences and skills of the different partners.
 - Can benefit from the contacts that the various partners have.
 - The partners can consult each other when a decision is made.
 - Greater possibility of continuity than a sole trader.
- Or any other answer deemed correct.*
- (1 mark for each correct answer for a maximum of 3 marks)
- (ii) *Any three of the following:*
- Unlimited liability.
 - Conflicts between partners may arise.
 - Profits have to be shared.
 - No direct personal interest.
 - Partners have to be consulted before a decision is made.
 - Decision-taking may be slower than in a sole trader business.
 - All decisions are binding on all partners.
- Or any other answer deemed correct.*
- (1 mark for each correct answer for a maximum of 3 marks)

[Total for Question 21: 20 marks]

END OF PAPER