

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN SECONDARY EDUCATION CERTIFICATE**

JANUARY 2005

PRINCIPLES OF BUSINESS

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PRINCIPLES OF BUSINESS
GENERAL PROFICIENCY EXAMINATIONS

JANUARY 2005

GENERAL COMMENTS

The January 2005 examination in Principles of Business was offered for the sixth year. It included a School-Based Assessment (SBA) component for the resit candidate and the case study for Private Candidates.

This year 1652 candidates entered for the General Proficiency examinations. It consisted of the following papers:

Paper 01	-	Multiple Choice
Paper 02	-	Essay Paper
Paper 03/1	-	School-Based Assessment (SBA) (Resits)
Paper 03/2	-	Alternative to SBA (Private Candidates)

DETAILED COMMENTS

PAPER 01 – Multiple Choice

Paper 01 consisted of 60 multiple choice items spanning the three profiles of the syllabus. The performance of the candidates on Paper 01 was satisfactory. The mean score was 34.72.

PAPER 02 – Essay

Paper 02 consisted of 3 compulsory questions (one from each profile) and 6 optional questions (2 from each profile) from which candidates were required to answer 3.

Question 1 (Compulsory)

This question was designed to test the candidates' ability to:

- (a) explain the bartering system;
- (b) identify the problems associated with bartering;

- (c) show how money can be used to overcome the problems of barter and
- (d) outline how a money economy operates.

The question was attempted by 99 per cent of the candidates. The overall performance of the candidates was satisfactory. The mean mark was 6.54 out of a possible of 10 marks.

In parts (a) and (b), the majority of the candidates were able to explain the bartering system and identify the problems associated with bartering. Those candidates who did not perform well in this area seemed to have had very limited knowledge of bartering on a whole.

In part (c), those candidates who could not show how money was used to overcome the problems of bartering chose to explain the problems instead.

Part (d) was not very well done. Instead of explaining how a money economy works, the candidates explained the functions of commercial banks.

Question 2 (Compulsory)

In this question candidates' understanding of the functions of retailers, wholesalers, the threat of the use of the Internet, the World Wide Web and improvements in communication designed for their survival was tested.

The question was attempted by 99 per cent of the candidates. The mean mark was 6.18 out of 10 marks.

Part (a), was generally well done as candidates were able to clearly identify functions of retailers and wholesalers.

Part (b), was also very well done as the majority of the candidates were able to give reasons why wholesalers and retailers are threatened by the use of the Internet and improved communications.

Question 3 (Compulsory)

In this question, candidates' knowledge of demand and supply was tested. The candidates' performance was satisfactory. The mean mark was 10.57 out of a total of 20 marks. The question was attempted by 99 per cent of the candidates.

Part (a) was answered fairly well. However the weaker candidates explained the law of demand or defined supply.

Part (b) was also done well. The weaker candidates failed to outline the factors that would specifically affect demand for ice-cream. Also a few candidates overlooked the fact that the question asked for factors 'other than price' that could cause a decrease in the demand for ice cream.

Part (c) was also fairly well done as candidates discussed the measures that producers could take to raise the demand for ice-cream over time. However the weaker candidates failed to discuss the salient points and gave instead many aspects of one factor. They therefore failed to gain maximum marks.

Part (d) was done satisfactorily by the majority of candidates. However, the weaker ones failed to recognize that they were limited in the use of price as a factor. They also gave factors affecting demand rather than supply.

ORGANIZATIONAL PRINCIPLES

Question 4 (Optional)

In this question, candidates' understanding of organizational structure and functions of certain personnel within an organization was tested.

Approximately 64 per cent of the candidates attempted this question. The majority of them performed very well. The mean mark was 15.84 out of 20 marks.

In Part (a), the majority of candidates were able to correctly define an organizational chart.

In Part (b), most candidates were able to draw an organizational chart. However, very few candidates were able to identify the owners of a private company on that chart. The weaker candidates were not able to identify the levels of responsibility of persons within that chart.

In Part (c), the majority of the candidates were able to clearly outline the advantages of organizational charts. However, the weaker candidates confused this with maps or directories.

In Part (d), the majority of candidates were able to identify the functions of the Managing Director and the Financial Manager. The weaker candidates merely listed the functions of management and some confused the functions of the Managing Director with that of the Personnel Manager.

Part (e) was not very well done. The majority of the candidates were not able to identify who were the actual owners of the business.

Question 5 (Optional)

This question was designed to test candidates' understanding of trade unions, industrial activities and the responsibilities of management to employees.

Approximately 35 per cent of the candidates did this question and performed satisfactorily on it. The mean mark was 10.55 out of 20 marks.

In Part (a), the more knowledgeable candidates were able to identify types of industrial activities but the weaker ones identified methods of resolving industrial problems. Some candidates failed to note that the question restricted them from using "striking".

Part (b) was not very well done as candidates focused on management resolving industrial problems instead of actions that could be taken in retaliation against industrial activities by workers.

Part (c) was also well done. The majority of the candidates were able to explain collective bargaining. A weakness identified in some of the responses was that they failed to identify the parties involved.

In part (d), candidates also performed very well. The weaker candidates identified functions of management instead of the responsibilities of management to employees.

In Part (e), candidates failed to outline the functions of a trade union instead, they merely listed activities. Again candidates failed to

recognize that they were restricted from using the “collective bargaining” function.

PRODUCTION AND MARKETING

Question 6 (Optional)

In this question candidates were expected to demonstrate their understanding of cottage and linkage industries. Approximately 46 per cent of the candidates attempted this question and performed satisfactorily with approximately 60 per cent scoring above ten out of possible 20 marks. The mean mark was 11.81.

Part (a) was generally well done, as candidates were able to define cottage industries.

Part (b) posed a great deal of difficulty for the majority of the candidates, as they were unable to differentiate between backward and forward linkages.

Part (c) was satisfactorily done. The majority of candidates were able to identify two backward linkages of the local wine industry.

Part (d) was also generally well done. Candidates were able to explain how the development of the local wine industry could benefit a Caribbean country.

Part (e) was also very well done. Candidates discussed measures that the state could take to support a local wine industry.

Question 7 (Optional)

This question required candidates to demonstrate their understanding of methods of payments and methods of retailing. Approximately 52 per cent of the candidates chose to do this question with the majority scoring over 10 marks from a possible 20 marks. The mean mark was 12.87.

Part (a) was generally well done. Candidates were able to identify methods of payment for goods.

Part (b) was generally well done, as the majority of the candidates were able to identify methods of payment to a seller of furniture and give reasons for their selection of a particular method of payment.

In Part (c) candidates also performed very well. They were able to identify clearly the retail outlets used.

Part (d) was also very well done. Candidates were able to recommend methods of retailing to an artist quite easily.

Question 8 (Optional)

This question tested candidates’ knowledge of international trade and documents used in international trade.

It was attempted by approximately 60 per cent of the candidates. Candidates did not perform well on this question. The average mark was 9.11 out of a possible 20 marks.

In Part (a) (i), the majority of the candidates were able to correctly define international trade.

Part (a) (ii), was also satisfactorily done. Candidates gave the correct reasons why countries trade with each other.

Part (b) (i), was not well done, as candidates could not identify barriers to international trade. Candidates failed to identify government policies against free trade but focused on general information like natural disasters.

Part (b) (ii), was also not done satisfactorily. Candidates were unable to identify why business documents are used in international trade.

In Part (c), very few candidates were able to distinguish between an airway bill and a bill of lading.

Part (d), was very poorly done, as candidates were unable to give advantages of a bill of exchange in international trade.

Question 9 (Optional)

In this question candidates’ knowledge of commercial banks and Central Banks, as well as money and capital markets was tested.

It was attempted by approximately 37 per cent of the candidates and the average mark was 8.40 out of 20 marks.

Performance in part (a), was satisfactory, however, the weaker candidates confused the functions of the Commercial banks with the services provided by these banks.

Part (b) (i) was also generally done well, as candidates were able to identify differences between the Central banks and commercial banks.

Part (b) (ii) was also generally done well. However, the weaker candidates were unable to explain ways in which the Central Bank could reduce the commercial banks' ability to make loans.

Part (c), was fairly well done, as candidates were able to identify institutions in both the capital and the money markets. The weaker candidates however, only provided names of companies.

PAPER 03/2

Case Study

Alternative to the SBA

GENERAL COMMENTS

The paper 03/2 required candidates to study a case and answer 14 questions. The case incorporated the three profiles of the subject.

The marks allocated were as follows:

Profile 1	-	12 marks
Profile 2	-	12 marks
Profile 3	-	<u>16</u> marks
TOTAL		<u>40</u> MARKS

The mean mark was 20.80 and the marks ranged from 0 to 38.

ORGANIZATIONAL PRINCIPLES

Profile 1

Candidates performed well on this profile. Many candidates scored the full 12 marks allocated to this profile.

The case study tested candidates' understanding of various areas from all three profiles. Generally, the candidates' performance was satisfactory.

Questions 1 and 4 were generally done well while in Questions 2 and 3 candidates experienced some difficulty.

In response to Question 1, the weaker candidates were unable to identify three management functions using the language of the subject and a number of them confused management functions with management responsibilities and functional areas of business.

Question 2 created quite a challenge to the candidates. They displayed very little knowledge and understanding of organizational structure.

In Question 3, candidates demonstrated a lack of knowledge of trade unions.

In Question 4, most candidates identified the leadership style as democratic but the weaker candidates were unable to give a reason for their choice.

Profile 2

Generally Questions 7 and 8 were done well. However in Questions 5, 6 and 7 some difficulty was experienced by the candidates.

Question 5, was challenging. About 90 per cent of the candidates failed to score full marks for this section. While about 50 percent of the candidates identified monopoly as the market situation, most candidates did not state the market situation after the tax was lifted.

In Question 6, candidates' scores were satisfactory.

In Question 9, candidates confused the impact of mechanization on the company rather than on the economy.

Profile 3

Candidates scored heavily on Questions 10 and 13.

In Question 11, candidates cited benefits to the company rather than to the economy.

Question 12 was difficult for many candidates. Most of them demonstrated very little knowledge of balance of trade.

In Question 14, candidates were generally able to identify the likely consequences but failed to adequately develop their responses. The weaker candidates did not understand the concept of 'legal minimum wage', hence failed to give a likely consequence.

Recommendations

- (i) There is need for students to be given a number of varied examples when teaching the different concepts.
- (ii) Teachers must continue to expose students to modern methods of purchasing items such as the Internet.
- (iii) Teachers should spend equal amounts of time on demand and supply as students seem to have more knowledge about demand than supply. Emphasis must be placed on reinforcing the point that factors affecting demand do not directly affect supply and vice versa. Attention must also be focused on differentiating between verb cues such as "list", "state", 'discuss' and so on.
- (iv) Teachers need to focus on ownership of the business.
- (v) Teachers are encouraged to coach students in reading and interpreting questions properly.

- (vi) Teachers need to assist students in identifying backward and forward linkages through the use of many practical examples and field trips.
- (vii) Teachers must be commended for their teaching in the area of banking and should continue to provide students with as many examples as possible to cement the concepts. However, attention must be given to the differences between functions and services of the commercial banks.
- (viii) Teachers should spend some time discussing business documents when teaching international trade and show how these documents are used. Some attention must be given to individual documents like bills of lading, bills of exchange, airway bill, documentary credits and certificates of origin.

