

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN SECONDARY EDUCATION CERTIFICATE
JANUARY 2008**

PRINCIPLES OF BUSINESS

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GENERAL PROFICIENCY EXAMINATION
JANUARY 2008

GENERAL COMMENTS

The January 2008 examination in Principles of Business was the ninth and final examination based on the syllabus which came on stream in September 1997.

This year the candidates entry was 2 232. The examination consisted of the following papers:

Paper 01	Multiple Choice
Paper 02	Essay Paper
Paper 03/2	Alternate 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 mark was 34.71.

Paper 02 – Essay

Paper 02 consisted of three compulsory questions (one from each profile) and six optional questions (two from each profile) from which candidates were required to answer three. The mean mark was 47.67 out of 100.

Paper 03/2 – Alternative to SBA

Paper 03/2, the alternative to the SBA, is an examination offered to private candidates. The performance of candidates on this paper was satisfactory. The mean mark was 19.95 out of 40.

Paper 02 – Essay

Section I – Compulsory

Question 1

This question tested candidates' knowledge of government regulations, as well as the benefits that a sole trader would enjoy by converting his business to a private limited company.

The question was attempted by approximately 99 per cent of the candidates with the majority of them doing very well.

The majority of the candidates were able to identify government regulations that must be satisfied before starting a restaurant business. Weaker candidates however were not able to identify reasons why government regulations should be observed.

The majority of the candidates were able to identify benefits accruing to a sole trader by converting his business to a private limited company. Weaker candidates identified the advantages of a sole trader.

Recommendations

Teacher must explain to students that businesses are not only companies and that not all businesses require Articles and Memorandum of Association.

Question 2

This question tested candidates' knowledge of branding and advertising. Ninety-eight per cent of the candidates attempted this question. Their responses suggest that they were very familiar with the content. Seventy per cent of them gained the maximum available mark.

Part (a), though attempted by the majority of candidates, proved more challenging as the responses in some instances lacked depth. Approximately 50 per cent of those candidates were able to gain the maximum available mark. The remaining 50 per cent could not adequately develop their points.

There was a noticeable trend where the candidates offered different forms of advertising such as persuasive, informative, for marketing strategies.

Recommendations

Teachers should place more emphasis on the difference between marketing strategies and advertising.

Question 3

Part (a) of this question tested the candidates' knowledge of savings and investment. The responses given by the majority of the candidates showed a lack of knowledge of both concepts. The more knowledgeable candidates were able to identify features of savings.

In defining Investment, candidates focused on the personal reasons for investment instead of business and government investment.

Part (b) of the question required candidates to discuss factors that can influence savings by consumers of a country.

About 50 per cent of the candidates were able to satisfactorily answer this question. The weaker candidates gave responses such as goals and to send children to school. They focused on the desire to save rather than the factors influencing savings.

Part (c) of the question required candidates to give reasons why local investment is more sustainable, in solving major economic problems of the Caribbean, than foreign investments. This section was poorly done by most candidates. Those who did fairly well just focused on the fact that locals did not repatriate profits.

Part (d) of the question required candidates to outline ways by which increased education and training can contribute to the development of a country. In this section candidates were able to score most of the available marks.

Recommendations

Teachers should place more emphasis on real investment, that is the purchase or expansion of physical capital in order to broaden students current concept of investment as being the purchase of shares and securities in companies.

Students need to be exposed to the effect of local investment via discussions, visiting locally owned firms, group projects and reading about and listening to business programmes.

Section II – Optional

Question 4

This question tested candidates' knowledge of responsibilities of management to customers and to the society. It also tested candidates' knowledge of industrial actions and ways in which management can prevent such actions.

The question was attempted by approximately 38 per cent of the candidates with approximately 85 per cent of them providing satisfactory responses.

Many candidates were not able to identify the responsibilities of management to society and confused this with management's responsibility to customers.

The majority of the candidates were able to identify the reasons which might have caused the workers to plan industrial action, and to identify industrial action other than strikes.

Recommendations

Teachers need to remind students of the importance of proper numbering of responses to questions.

Question 5

This question tested candidates' knowledge of the characteristics of a good leader and leadership styles. The question was attempted by approximately 62 per cent of the candidates with approximately 80 per cent of them providing satisfactory responses.

The majority of the candidates were able to identify the characteristics of a good leader. Some weaker candidates however, identified the functions of management instead.

Most of the candidates were able to identify the leadership style being practised as described in the question and were able to outline ways in which that style of leadership affected the organization both negatively and positively.

In describing other leadership styles, many candidates seem to confuse the laissez-faire style of leadership with 'laziness' and with ineffective leadership.

Recommendations

Teachers need to provide several examples and scenarios to illustrate the different types of leadership styles.

Question 6

This question tested candidates' knowledge of production. The question was attempted by 48 per cent of the candidates. Most of the candidates performed creditably on Parts (a) and (b) which required them to identify the factors of production and outline the benefits of cottage industry to the community.

For Parts (c) and (d), the responses were satisfactory. However, some of the weaker candidates confused levels of production with productive activities and vice versa.

Part (e) was poorly done. Approximately 90 per cent of the candidates who attempted this part of the question misinterpreted it. They focused on the cost of production rather than the type of payments.

Recommendations

Teachers should use the words 'type of payment' and 'method' interchangeably. They should choose words with similar meanings to reinforce concepts and also emphasize the difference between type and level of production.

Question 7

This question tested aspects of production. Approximately 52 per cent of the candidates attempted this question. The overall performance was good.

Ninety-five per cent of the candidates who attempted this question responded satisfactorily to Part (a) which required them to state four features of cottage industries and give examples of cottage industries.

In Part (b), 50 per cent of the candidates were able to discuss benefits of linkage industries while the other 50 per cent merely listed the benefits.

Part (c) required candidates to explain two social implications of capital intensive production. This section was poorly done. This could possibly be attributed to candidates not knowing the meaning of 'social implications'. Nonetheless, 50 per cent of the candidates were able to define 'capital intensive'.

Part (d) was fairly well done by approximately 65 per cent of the candidates. However, about 10 per cent of the candidates interpreted that question to mean a benefit to the country instead of how the tourism industry benefitted from the cottage industry.

Recommendations

The subject teacher needs to emphasize the meaning of terminologies such as discuss, explain, state, among others.

Question 8

The question tested candidates' competency in explaining business terms seen on documents and the importance of documents for trading purposes. This question was attempted by approximately 30 per cent of the candidates.

In Part (a), candidates were required to explain three terms. A large percentage of the candidates attempted this part of the question. The average mark was 2 out of 6. A number of candidates segmented the terms and put their own definitions to them. For example "Refer to Drawer" was given two definitions "Refer" and "Drawer".

In Part (b), candidates were required to discuss the necessity of documentation for business transactions. The majority of candidates handled this part well. The average mark was 5 out of 6.

In Part (c), most candidates forgot or ignored the word "trade" and applied "insurance" on a personal basis. They lost valuable marks due to this error.

For Part (d), candidates either misread or did not know the difference between the debit note and the debit card. The question required candidates to describe a situation in which the debit note is used. A large percentage of candidates described a situation in which debit cards would be used. Most candidates gave situations in which the credit note was used and therefore they failed to gain any marks for this part. The few candidates who offered correct responses did so from an accounting point of view.

Recommendation

In teaching the concept of business documents, teachers should not only explain the use of the documents, but also the purpose of the information and terms on the documents.

Careful attention should also be paid when teaching about credit and debit notes and their uses. In addition, teachers should emphasize that the terms debit note and debit card are not synonymous.

Question 9

This question tested the candidate's knowledge of taxation in general and the types and purposes of taxation in particular. The question was attempted by about 70 per cent of the candidates.

The overall marks for this question were low. The majority of the scores were below 10 out of 20. Very few achieved a score over 14.

In Part (a) of the question, candidates were, for the most part, unable to distinguish accurately between direct and indirect taxes. A number of candidates confused the two concepts. Even where the distinction was clear, some candidates either failed to give the required examples or their examples were wrong. In a few instances, only examples were given and no distinction were made between the two types of taxes. A common mistake was for candidates to give P.A.Y.E. as an example of a direct tax when it is in fact not a tax at all, but a system of paying income tax. It was evident that some candidates viewed all deductions from salary as a tax. This is a misconception.

The majority of candidates failed to score on Part (b) of the question. They could not give valid reasons why governments would prefer to increase direct taxes over indirect taxes. A few candidates resorted to describing the taxes.

Part (c) of the question was not well done. A number of incorrect assumptions and statements were made about indirect taxes and as in Part (b), most candidates failed to give reasons why citizens would prefer indirect taxes over direct taxes.

In Part (d) of the question, candidates generally failed to give purposes of taxation other than to raise revenue. Most candidates wrote about government raising revenue for expenditure in named areas.

Recommendations

In teaching taxation, teachers should differentiate clearly between direct and indirect taxes using examples. They should also discuss the advantages or benefits of the various types of taxation. This will enable candidates to be able to explain the reasons for the implementation of one type of tax over the other. Teachers should also emphasize the purposes of taxation and differentiate the revenue purposes from the non-revenue purposes.

Paper 03/2 – Alternative to the SBA

Profile 1 – Organisation Principles

Question 1

This question required the candidates to state two effects of growth on the business' organizational structure. Approximately 70 per cent of the candidates scored at least 1 of the 2 available marks. Approximately 30 per cent of the candidates scored the maximum available mark.

Question 2

This question required candidates to explain what is meant by Management Information System. Approximately 50 per cent of the candidates were able to score 1 mark, about 10 per cent scored the maximum available mark. The remaining 40 per cent were not able to explain the concept as a system of information which aids management in decision making. They explained the benefits of computers and technology to the business.

Question 3

This question required candidates to outline three ways in which the owner or manager would benefit from using a Management Information System. About 90 per cent of the candidates were able to identify the benefits; however their outlines of these benefits to the manager were weak.

Question 4

This question required candidates to justify a leadership style for the business. Approximately 95 per cent of candidates were able to identify a leadership style and justify their choice. Some candidates associated Democratic and Charismatic leadership styles with input from customers rather than input from employees.

Recommendations

Teachers should ensure that they distinguish the effect of growth on an organization as opposed to effect of growth on the structure of the organisation.

Profile 2 – Production and Marketing

The objectives tested in this profile were knowledge of migration and technologies used in business.

The areas where candidates performed best were Questions 5 and 7. Most candidates were able to gain the maximum available marks for these sections. Question 8 was satisfactorily answered by most candidates as they were able to score approximately 50 per cent of the available marks.

Question 6

This question proved to be the area where candidates had the most difficulty. Most candidates seem to have misinterpreted the question. The majority of candidates wrote about the migration of Mr Ford instead of the benefits his business would receive as a result of persons migrating. Most candidates scored less than 50 per cent on this question.

Recommendation

Teachers need to place more emphasis on economic benefits as opposed to general benefits. They also need to point out to students the features of economic benefits in a monetary sense.

Profile 3 – Finance and Introduction to Economics

The objectives tested were

- Services offered by Commercial Banks and the benefits of such services to businesses
- Definition of the term “Standard of Living”
- Negative effects of high importation on Caribbean economics.
- Effects of inflation on businesses
- Identification of indirect taxes

Candidates performed very well on Question 9 that tested their knowledge of services provided by commercial banks. Approximately 90 per cent of the candidates gained full marks in this area. Candidates also performed very well on Question 14 which required them to identify one indirect tax that the businessman could pass on to his customers.

Question 12

This question was poorly done by most candidates. They did not focus on the economies; rather they focused on the possible effects on the merchandise itself, for example spoilage and late arrival of goods.

Recommendations

Teacher should pay more attention to the areas relating to international trade and especially to the effects of high importation on the national economy, for example, the impact on the balance of trade and eventually the Balance of Payments.