

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION
MAY/JUNE 2007**

MANAGEMENT OF BUSINESS

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GENERAL COMMENTS

Unit 1 of Management of Business syllabus was offered to school candidates for the first time in 2000. It was first offered to private candidates in 2003. Unit 2 was offered to school candidates for the first time in 2003, and to private candidates in 2004.

The registration of candidates for Unit 1 increased from 3884 in 2006 to 4257 in 2007. Registration for Unit 2 decreased from 2771 in 2006 to 2708 in 2006.

Each Unit comprises three Modules. The assessment takes the form of two written external examinations and an Internal Assessment (IA) in the case of school candidates. Paper 03/2, a third external examination, is offered to private candidates.

The format of Paper 01 was changed from structured questions to multiple-choice for the first time in 2007.

Paper 01 is designed to test the breadth of candidates' knowledge, where as, Paper 02 is designed to test the depth of candidates' knowledge. Paper 03 is designed to test the application of knowledge.

The overall mean for Unit 1 was 52 per cent compared with 55 per cent in 2005 and 49 per cent in 2006. Eighty-three per cent of the candidates achieved Grades I – V. This is an increase of 13 per cent over 2006, but is consistent with 2005.

The overall mean for Unit 2 was 58 per cent compared with 45 per cent in 2006 and 57 per cent in 2005. Ninety-five per cent of the candidates achieved Grades I – V. This represents an increase of 8 per cent over 2006, but is consistent with 2005.

UNIT 01

Management Principles and Processes

Unit 01 comprises three Modules:

- Module 1: Business and its Environment
- Module 2: Management of People
- Module 3: Business Finance and Accounting

Paper 01

Paper 01 comprised 45 multiple choice items, 15 on each Module. The mean on Paper 01 was 23.3. In 2006 the mean was 24.13 and 30.10 in 2005.

Paper 02

Paper 02 comprised six optional questions, two on each Module. Candidates were required to choose one question from each Module pair. The mean on Paper 02 was 34.47. In 2006 the mean was 34.10 and 33.50 in 2005.

Paper 03/1

In Paper 03/1, the Internal Assessment, candidates were required to undertake an investigation from which they were to produce a written report. The mean on Paper 03/1 was 39.70. In 2006 the mean was 39.11 and 42.34 in 2005.

Paper 03/2

Paper 03/2, the alternative to Internal Assessment, comprised a case study spanning the three Modules. Candidates were required to answer three questions based on the case study, one from each Module. The mean on Paper 03/2 was 18.75. In 2006 the mean was 37.29 and 48.32 in 2005.

DETAILED COMMENTS**UNIT 01****PAPER 02****Module 1: Business and Its Environment****Question 1**

Fifty-six per cent of the candidates attempted Question. This question assessed candidates knowledge of globalization. Part (a) required a definition of globalization whereas Part (b) required candidates to give three positive and two negative impacts of globalization on Caribbean business organizations. The mean on the question was 9.98. The quality of performance seems to be due primarily to a misinterpretation of the question. In Part (b), candidates tended to focus on the impact of globalization on society rather than on business organizations. They also found difficulty in defining globalization.

Teachers need to expose students to a wide understanding of globalization so that they can respond to any question posed on the theme. The following website may be useful:
<http://www.sociology.emory.edu/globalization/issues01.html>.

Question 2

Fifty-four per cent of the candidates attempted Question 2. The Question was divided into three Parts. Parts (a) and (b) dealt with the theme of small business and the economy. Part (a) required candidates to give two main contributions of small business to the economy. Candidates were able to provide acceptable responses to this Part of the question. Part (b), which required three challenges facing Caribbean small businesses, was well done. However, Part (c) was not done as well. It required candidates to outline three criteria which may be used to measure the size of a business. Some candidates did not understand the term 'criteria'. Moreover, some candidates proffered 'profit' as a criterion for measuring the size of the business. This is unacceptable; the size of the profit, which is a function of the magnitude of the difference between the revenue and total expenses, is material to the number of employees, or assets held by the business.

Module 2: Management of People**Question 3**

Approximately 60 per cent of the candidates attempted this question. The question addressed the theme of communication in the organization. Part (a) required candidates to evaluate four major methods of communication whereas Part (b) required them to suggest four major causes of poor communication between management and staff. The performance of candidates on Part (a) maybe described as fair. However, candidates confused communication methods with communication networks suggesting some terminological problems with this topic. Moreover, some difficulty was exhibited in evaluating the methods of communication.

It appears that candidates are not prepared to address the higher levels of Bloom's taxonomy such as evaluation. A deliberate effort must be made to have students practice responding to questions of this type. In addition, students must be made to understand that any question that requires "evaluation", of necessity requires the use of criteria upon which to base the evaluation. In this question, candidates were expected to identify methods of communication such as staff meetings, notice boards, newsletters and staff manuals. They were then expected to evaluate these methods of communication on such criteria as effectiveness, degree of two-way Participation, flexibility and/or any other appropriate criteria.

Question 4

Approximately 40 per cent of candidates attempted Question 4 which sought to test their knowledge of the Human Resource Department. Thus Part (a) required the candidate to identify and describe the functions of the Human Resource Department whereas Part (b) required candidates to discuss the importance of the Human Resource Department identified in Part (a). Candidates performed very well on Part (a) although some candidates confused the functions of management with the functions of the Human Resource Department. Part (b) was not done as well as Part (a) because, too often, candidates described theories of motivation instead of the importance of the Human Resource functions.

Module 3: Accounting and Finance

Question 5

This question was attempted by approximately 48 per cent of the candidates. The question dealt with project appraisal using the payback period and the Internal Rate of Return (IRR). The question comprised five Parts, four of which were devoted to the payback period. The overall performance might be rated as poor. However, Parts (c) and (d) were well done. Candidates understood the concept of payback and they were able to give satisfactory answers to the request for advantages and disadvantages. In Part (b) candidates showed difficulty in reporting the payback period to one decimal place, opting instead to convert to years and months. It must be impressed on students the need to follow instructions irrespective of how particular schools may teach certain topics.

The concepts of cumulative cash flow and IRR do not appear to be well understood. The former is a mainstream technique used in finance and therefore, should be understood by all candidates. The latter concept, that is IRR, while more difficult than payback, should be tackled more aggressively by schools since it relates to the concept of interest rate and rates of return, topics which are crucial in modern finance. Although this does not explicitly appear on the syllabus, the cost of capital should be used as a backdrop for understanding IRR without becoming too technical, of course.

Question 6

Question 6 was attempted by approximately 52 per cent of the candidates. This question was divided into three Parts. Part (a) presented candidates with some data on purchases and sales and required them to compute the stock valuation at the end of each month. This was satisfactorily done suggesting that candidates were familiar with the basic stock valuation calculations. However, Part (b) which required a computation of Cost of Goods sold for each month, was not done as well. Some candidates demonstrated difficulty in understanding this concept. Thus they attempted to compute the Cost of Goods Sold for months when they were no sales and therefore, the Cost of Goods Sold would have been zero. Some candidates also experienced difficulty distinguishing between Sales and Cost of Goods Sold. Greater preparation of candidates for the accounting aspect of the module must be undertaken by schools.

Internal Assessment

The projects presented for the Internal Assessment were generally satisfactory. Eighty-seven per cent of the candidates scored at least 50 per cent of the maximum available mark. Overall, the topics chosen were very relevant to the unit and marks fell into the 45 - 60 range. Most projects were written in a clear logical manner.

UNIT 2 Application of Management

Unit 02 comprises three Modules:

Modules 1: Production and Operations Management
Modules 2: Fundamentals of Marketing
Modules 3: Small Business Management

Paper 01

Paper 01 comprised 45 multiple choice items, 15 on each Module. The mean on paper 01 was 28.06. In 2006 the mean was 29.85 and 29.71 in 2005.

Paper 02

Paper 02 comprised six optional questions, two on each Module. Candidates were required to choose one question from each Module pair. The mean on Paper 02 was 38.09. In 2006 the mean was 36.17 and 34.79 in 2005.

Paper 03/1

In Paper 03/1, the Internal Assessment, candidates were required to undertake an investigation form which they were to produce a written report. The mean for Paper 03/1 was 40.40. The mean in 2006 was 40.78 and 43.13 in 2005.

Paper 03/2

Paper 03/2, the alternative to the Internal Assessment, comprised a case study spanning the three Modules. Candidates were required to answer three questions based on the case study, one from each Module. The mean on Paper 03/2 was 36.83. In 2006 the mean was 28.06 and 41.14 in 2005.

Module 1: Production & Operations Management

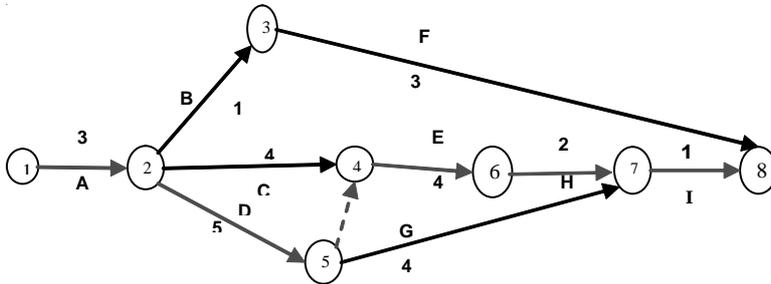
Question 1

Question 1 was attempted by 58 per cent of the candidates. The focus of this question was quality. It presented four dimensions of quality and required candidates first, to define each dimension and then relate each dimension to the design and production of a blender. Candidates were able to provide adequate definitions for the four dimensions of quality, in Particular durability and reliability. There were however, some issues with serviceability as well as features, although to a lesser extent. Candidates tended to equate features with aesthetics whereas serviceability was interpreted as the actual services (features) provided by the product. Generally, candidates found difficulty in relating these to the design and production of a blender which was the scenario given. Schools should note that serviceability is the ease with which a product can be serviced. This includes availability of Parts as well as lead time to carry out repairs. For an article on the subject that includes Garvin's eight dimensions of quality see the following website: http://www.shsu.edu/%7Emgt_ves/mgt481/Chapter1.pdf.

Question 2

Question 2 was attempted by 42 per cent of the candidates. The question was based on network diagrams. It provided the candidate with a list of activities and their durations. Part (a) required candidates to draw a network diagram for the list of activities. Parts (b) and (c) dealt with the project duration and critical path respectively, whereas Part (d) dealt with definitions relating to network diagrams such as early finish time. Candidates experienced some difficulties with Part (a); for example, they failed to number the nodes on the diagram, to indicate direction by arrow heads and to correctly insert the dummy.

Candidates performed moderately on Parts (b) and (c) and well on Part (d). One version of the diagram is shown below:



Module 2: Fundamentals of Marketing

Question 3

Question 3 was attempted by 54 per cent of the candidates. The question was designed to assess candidates' knowledge of marketing. The question spanned both lower order and higher order cognitive skills with respect to the marketing mix. Thus candidates were first required to define four marketing concepts viz. branding, pricing, distribution channels and advertising. Subsequently they were required to suggest two strategies by which each might be operationalized as well as to state which of the two strategies was better.

Candidates demonstrated proficiency in defining the distribution and pricing concepts. However, some candidates experienced difficulty in defining advertising and branding. In fact, some of the definitions given were for promotion instead of advertising and for price rather than pricing. A suggested definition for advertising is "the non-personal presentation of commercial messages in a medium by a clearly defined sponsor". The rationale for the term "non-personal" is to distinguish advertising from personal selling. The term "sponsor" refers to the company or organization for whose benefit the advertising has been raised. For the purposes of this level, branding can be defined as "the process of giving a product an identity by using a brand name and visual elements such as a brand mark, logo and colours."

Additionally, candidates experienced difficulty in outlining appropriate branding strategies. Two feasible branding strategies that candidates might have suggested would have been (a) using the existing company name on the new product or (b) using a new name brand name. The company is already marketing its products under its corporate name and so it can choose whether to use this name or create another for the line of cornflakes. Candidates need to make use of the concepts in the scenarios given since marks are invariably allocated for so doing.

Question 4

Question 4 was attempted by 46 per cent of the candidates. Marketing research was the theme of this question. It presented three pairs of options dealing with sources of data, sampling and data collection respectively. Candidates were required to differentiate between each pair, for example, between "probability" and "non-probability sampling", as well as to outline one advantage and one disadvantage of each of the pairs. In addition, candidates were required to indicate with justification, which option in each pair the company should choose for the purposes outlined in the scenario presented in the question.

Candidates performed satisfactorily on Part (b) which simply required them to select and justify one of the options. Primary and secondary sources of data as well as surveys were handled satisfactorily. However, challenges were encountered in addressing probability and non-probability sampling as well as focus groups. The essential distinction between probability and non-probability sampling is that in the former, respondents are selected by chance whereas in the latter, respondents are selected by judgment or convenience or by some other “non-probability” method. Good sources of material for these concepts can be obtained online and schools should make effective use of these sources in preparing students for the examination. The need to have students practice answering questions aimed at higher order cognitive skills such as synthesis and evaluation cannot be over emphasized.

Module 3: Small Business Management

Question 5

Question 5 was attempted by 45 per cent of the candidates. This was a battery of questions based on a mini-case. Parts (a) through (c) addressed the theme of Partnerships and the other three Parts dealt with entrepreneurship, market demand and market research respectively. Overall the responses were satisfactory; Parts (b) through (d) were answered competently. However, the performance on Part (a), a definition for Partnership, left much to be desired. Part (e) was misinterpreted and the answers were not related to the case. Candidates did not provide sufficient explanation in Part (f) which required three reasons why the market research should be conducted. Candidates seemed unable to distinguish between a company and a Partnership and experienced difficulty in identifying some of the main provisions of a Partnership deed. Additionally candidates appeared unable to accurately interpret the terms “outline”, “discuss” and “describe”. It is evident that schools need to spend more time in training students how to answer questions especially those that require higher order cognitive skills.

Question 6

Question 6 was attempted by 55 per cent of the candidates. Performance on this question can be deemed satisfactory. The question comprised two Parts; Part (a) required candidates to give three advantages of updating a business plan whereas Part (b) presented a business start-up scenario and required candidates to address issues of location, business format and finance. Candidates were able to competently answer (b)(i); this dealt with the issue of location of a new business. However, candidates did not appear to understand the benefits of updating a business plan. They attempted to relate the business plan to the concept of profitability only and did not relate it to issues such as business objectives and environmental changes. Schools need to emphasize the fact that a business plan is not a static document but must be updated as it is implemented. Students must also be trained to justify their answers; this they failed to do in Parts (b)(ii) and (b)(iv). Schools appear to be restricting their preparation of students to the prima facie issues in the syllabus; however, since knowledge is relativistic, it is important for students to examine topics in different contexts so that a broader understanding can be developed.

Internal Assessment

The projects presented for Unit 2 were generally good. Ninety-one per cent of the candidates scored at least 50 per cent of the maximum available mark. Overall the topics chosen were very relevant to the unit and marks fell into the 45 - 60 range. Most projects were written in a clear logical manner and candidates used a variety of graphic tools in their presentations.

General Comments

Overall the performance in 2007 could be deemed satisfactory. However, one issue that stands out is the inability of candidates to satisfactorily respond to question assessing require higher order cognitive skills for example those that require analysis, synthesis and evaluation. I reiterate that candidates must be made to understand that a question that requires them to “evaluate” cannot be addressed in the absence of criteria. Such criteria may be given in the question, be requested of the candidate as Part of the answer or may be required of the candidate by implication.