

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION
MAY/JUNE 2009**

MANAGEMENT OF BUSINESS

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JUNE 2009

GENERAL COMMENTS

The Caribbean Advanced Proficiency Examination in Management of Business seeks to provide candidates with the basic skills required to address managerial problems and challenges faced by businesses. These skills enable candidates to function not only in existing business organizations, but also as independent entrepreneurs. The subject comprises two units, each examined by three papers.

Paper 01 – Multiple Choice

Paper 02 – Essay

Paper 03 – 03/1: The Internal Assessment (IA) done by school candidates
03/2: The Alternative to the IA done by private candidates.

Unit 1 was written by 4,376 candidates while 2,907 candidates wrote Unit 2.

DETAILED COMMENTS

UNIT 1

Unit 1 focuses on Management Principles and Processes. It comprises three modules:

- Business and its Environment;
- The Management of People
- Business Finance and Accounting.

The mean for Unit 1 was 53 per cent.

PAPER 01

Paper 01 consisted of 45 multiple choice items, fifteen on each module. The items span knowledge, comprehension and application.

The mean for Paper 01 was 62 per cent.

MODULE 1

BUSINESS AND THE ENVIRONMENT

Question 1

Question 1 assessed candidates' knowledge of business organization. The question was divided into two parts.

In Part (a) of the question candidates were required to explain the advantages and disadvantages of a private limited company compared to the sole trader, whereas in Part (b) candidates were required to

discuss three ways in which a change in the economic system of the country from a mixed economy to a planned economy could affect Kevin's decision to form a private limited company.

Approximately 32 per cent of the candidates attempted this question.

Overall, the performance of candidates on this question was unsatisfactory. The quality of the performance seemed to be due primarily to a lack of understanding of Part (b) of the question, which required application and evaluation of information. While the candidates were able to outline features of the mixed and planned economic systems, they failed to discuss the possible implications of Kevin's decision to form a private limited company. The mean was 8 out of 25.

Candidates need to practise answering questions aimed at higher order cognitive skills such as synthesis and evaluation.

Question 2

Question 2 assessed candidates' knowledge of multinationals. It required the candidates to discuss three benefits and three drawbacks that Caribbean countries could experience with multinationals operating in their territories.

Approximately 68 per cent of candidates attempted this question, 45 per cent of whom provided acceptable responses.

The majority of the candidates were able to define the term, 'multinational' and to cite examples of multinationals operating in their country. However, the benefits of multinationals to Caribbean countries were more clearly explained than the drawbacks. While the majority of the candidates identified the drawbacks, they failed to elaborate on the points identified. The mean for this question was 12 out of 25.

During instruction, the pros and cons of concepts need to be explored. This will help candidates to get a broader and more in depth understanding of the concepts.

MODULE 2

MANAGEMENT OF PEOPLE

Question 3

The theme of question 3 was "Weber Bureaucratic Organization". The question comprised two parts. Part (a) required candidates to outline four characteristics of a bureaucracy and Part (b) required them to discuss four implications of Weber's bureaucracy on today's business organizations.

Approximately 3 per cent of the candidates attempted this question.

The overall performance of candidates on both Part (a) and Part (b) may be described as fair. However, candidates experienced difficulty in applying Weber's theories to the workings of present-day organizations. The mean was 11 out of 25.

A deliberate effort must be made to have candidates practise writing responses to questions of this type. In addition, the theories should be taught in a more practical manner, so that the candidates are able to see the connection between the evolution of management theories and their importance to present-day managers.

Question 4

Question 4 assessed candidates' knowledge of change management within organizations. The question comprised two parts. Part (a) required candidates to explain four reasons why employees resist change while Part (b) required them to discuss three methods that can be used to address resistance to change.

Approximately 96 per cent of the candidates attempted Question 4. The performance was generally good.

Candidates performed very well on Part (a). For the most part they were able to cite reasons why employees resist change. Part (b) was not handled as well as Part (a). Candidates were able to list some methods that could be used to address resistance to change; however, the discussion of these methods was weak. The mean was 12 out of 25.

Candidates need to pay more attention to current world news and the impact of the changes on business organizations, as well as the different strategies used to overcome some of these challenges. As part of class assignments candidates may be asked to create business journals with current newspaper clippings of news items relating to their field of study.

MODULE 3

BUSINESS FINANCE AND ACCOUNTING

Question 5

Question 5 tested candidates' knowledge of business finance. Part (a) of the question required candidates to define working capital and to identify components of working capital. Part (b) required candidates to identify the most suitable source of finance for financing given business activities.

The question was attempted by approximately 49 per cent of the candidates. The overall performance on this question was poor. Candidates performed relatively well on Part (a) of the question. They were able to give a clear definition of working capital and to identify components of working capital. However, some candidates had difficulty identifying three components of working capital. In a number of cases candidates named current assets and current liabilities, without any further break down of these two concepts; hence they had difficulty naming a third component.

In Part (b) of the question, the majority of the candidates were able to identify the sources of finance. However, they were challenged in explaining why each source would be most suitable for a particular project. The mean for this question was 9 out of 25.

Candidates need to pay more attention to differentiating between the sources of finance and the appropriateness of each source, using learning techniques such as discussions and practice exercises.

Question 6

Question 6 assessed candidates' knowledge of accounting conventions and financial statements. The question comprised three parts. Part (a) of the question required candidates to identify the appropriate sub-headings under which omitted items would appear on a balance sheet. Part (b) required the candidates to outline the main difference between performance ratio and liquidity ratio identifying a stakeholder who would be interested in each type of ratio. Part (c) required the candidates to calculate specific ratios and explain the implication of each.

This question was attempted by approximately 51 per cent of the candidates. The overall performance on this question was fair. The majority of the candidates did very well on Part (a) of the question. In Part (b), some candidates had difficulty differentiating between performance ratio and liquidity ratio. However, the majority of them were able to identify the stakeholders who would be interested in both types of ratios. The majority of the candidates who attempted Part (c) of the question were able to correctly calculate the current and acid test ratios. However, they had difficulty calculating the gearing ratios as well as explaining the implications of these ratios. Some candidates also found interpreting the current and acid test ratios to be challenging. The mean was 12 out of 25.

Although there was an overall improvement in the performance in Module 3 in comparison to previous years, it is still highly recommended that greater preparation of candidates for the accounting aspect of the module be undertaken by schools.

UNIT 2

MODULE 1

PRODUCTION AND OPERATIONS MANAGEMENT

Question 1

Question 1 tested candidates' knowledge of Total Quality Management (TQM). The question comprised two parts. Part (a) of the question required candidates to give a definition of Total Quality Management (TQM) and to discuss one implications for the given stakeholders. Part (b) of the question required candidates to outline three circumstances under which TQM programmes may fail to achieve overall organizational objectives.

This question was attempted by approximately 86 per cent of the candidates. The overall performance on this question was satisfactory.

The majority of the candidates were able to give a clear definition of TQM as well as explain the implications of TQM. In quite a number of cases, candidates received very high scores for this part of the question. One drawback was that a few candidates interpreted "implication" of TQM to mean only negative consequences. Part (b) of the question required higher-order thinking skills. The majority of the candidates rose to the challenge and provided acceptable responses. Candidates were able to "think out of the box" using practical examples and making reference to the scenario given in the question. The mean was 12 out of 25.

Candidates should be cautioned that all parts of a question should be read before making a response in order to avoid repeating answers, as was evident in some cases.

Question 2

Question 2 tested candidates' knowledge of production planning. The question comprised two parts. Part (a) of the question required the candidates to outline three advantages and three disadvantages of the Delphi Method of forecasting. In Part (b), candidates were required to study a given decision tree and analyze the alternatives.

This question was attempted by approximately 14 per cent of the candidates. The overall performance on this question was poor with approximately 66 per cent of the candidates who attempted the questions scoring below a passing grade.

It was evident that a number of the candidates were not adequately prepared, and were uncertain as to a clear definition of the Delphi Method; consequently they were unable to clearly explain the

advantages and disadvantages of this method of forecasting. The majority of the candidates were able to adequately analyse the decisions Mr. Opportunity needed to make as well as to calculate the highest expected value for building a large or small factory. The responses given by some candidates to Part (b) (ii) indicated that they may have misinterpreted the question. The mean was 9 out of 25.

Candidates need to read the questions carefully and ensure that they understand what is required. In addition, candidates should practise answering past examination questions to get a sense of the formatting of questions. Simulation exercises should be encouraged, where theoretical principles can be related to the external business environment.

MODULE 2

FUNDAMENTALS OF MARKETING

Question 3

Question 3 tested candidates' knowledge of advertising. The question comprised two parts.

Part (a) of the question required the candidates to differentiate between "informative advertising" and "persuasive advertising" and state a situation in which each would be most effective.

In Part (b) of the question candidates were required to discuss four factors that may influence the choice of media.

This question was attempted by approximately 74 per cent of the candidates. The overall performance on this question was fairly good. Candidates were able to differentiate between the two terms and in most cases they were able to state situations where each type of advertising would be most effective. In their response to Part (b) it was evident that majority of the candidates had the requisite knowledge, however, one of the major challenges noted was their inability to identify four factors as required. Most of them gave only three factors. Very few candidates were able to comprehensively discuss the factors as required to gain the maximum marks allocated. The mean was 13 out of 25.

Teachers need to utilize more case studies in the teaching of this module.

Question 4

Question 4 tested candidates' knowledge of marketing. The question comprised three parts.

Part (a) required the candidates to differentiate between direct and indirect distribution channels.

Part (b) required candidates to outline two factors that influence the choice of a distribution channel.

In Part (c) candidates were required to discuss benefits of an intermediary to a manufacturer.

This question was attempted by approximately 26 per cent of the candidates. The overall performance on this question was good. Approximately 85 per cent of the candidates were able to provide clear answers using information from other areas of the syllabus, thus attaining close to full marks. The majority of the candidates were knowledgeable about the factors that may influence the choice of a distribution channel. However, some had difficulty providing the comprehensive response required. This was also evident in Part (c) of the question. In a few cases candidates duplicated their responses for Part (b) and Part (c). In addition some candidates confused direct distribution with personal selling. In some cases the responses were too lengthy for the marks allocated whilst some responses

were too brief for candidates to earn full marks. The mean was 14 out of 25.

Candidates need to practise developing their responses in a logical manner, so as not to omit important details and also to align their responses with the marks allocated.

MODULE 3

SMALL BUSINESS MANAGEMENT

Question 5

Question 5 tested candidates' knowledge of entrepreneurship. The question consisted of two parts.

Part (a) of the question required the candidates to outline the advantages and disadvantages that Ruth experiences as a sole trader.

Part (b) required candidates to discuss three characteristics that Ruth should display in order to be a successful entrepreneur.

This question was attempted by approximately 77 per cent of the candidates. The overall performance on the question was good. It was evident that majority of the candidates found this section quite interesting. This was shown by the quality of the responses. For Part (b) of the question, the majority of the candidates provided acceptable responses, however, some candidates were unsure of what constitutes "characteristics" of a sole trader as opposed to skills, hence, they did not provide satisfactory responses. In a few instances, some candidates identified the correct characteristics but failed to comprehensively discuss them, hence producing less satisfactory or weak responses. The mean was 15 out of 25.

Although the overall performance on this question was good, it is still recommended that a more practical approach be adopted for the delivery of this aspect of the module. For instance, encouraging candidates to identify entrepreneurs in their local towns and communities then list and discuss characteristics of these entrepreneurs. Also set up simulation exercises as well as invite successful entrepreneurs to make presentations to the candidates.

Question 6

Question 6 tested candidates' knowledge of a business plan. The question consisted of three parts.

Part (a) of the question required the candidates to define the term 'business plan'.

In Part (b) they were required to state three reasons why Ruth should have a business plan and in Part (c) to discuss the key elements that Ruth should include in her business plan.

This question was attempted by approximately 23 per cent of the candidates.

The overall performance on this question was fair, but disappointing considering that this objective has been tested on a number of occasions, and this area is an essential part of the module. The majority of the candidates failed to give a clear definition of a business plan. However, most candidates provided acceptable responses to Part (b), giving clear reasons with examples. Part (c) was not well done, as the majority of the candidates failed to provide satisfactory responses. They did not appear to know the key elements of a business plan. The mean was 12 out of 25.

Although a business plan is not a static document, there are some basic elements that should form part of all business plans. Candidates need to be familiar with these.

PAPER 03/1**INTERNAL ASSESSMENT (IA)**

The Internal Assessment projects presented for both units were generally satisfactory. Most of the topics chosen were appropriate for the CAPE level and relevant to the respective unit. The projects were generally written in a clear, logical manner, and adhered to the prescribed length. Candidates used a variety of graphic tools in their presentations.

The marks for the better projects ranged from 46 to 60. However, for the weaker submissions, candidates failed to demonstrate adequate knowledge of the objectives being assessed and were unable to show the relationship between findings and recommendations. Some of the weaker projects did not have a clearly stated topic and some of the teachers' assessment of these samples was too lenient. The means for both Unit 1 and Unit 2 was 68 per cent.

PAPER 03/2**ALTERNATIVE TO THE INTERNAL ASSESSMENT**

For each Unit, Paper 03/2 comprised a case study from which candidates were required to answer three questions, one on each module. For Unit 1, the performance of candidates was consistent across modules. The mean was 45 per cent. There was an improvement in the performance in Unit 2 over 2008. The performance on Unit 2 was also consistent across the three modules.

There has been a general improvement in the performance of candidates on the Paper 03/2. However, in some cases the responses were written in a general way and not supported by information from the case. In order to gain marks for application of knowledge, candidates need to interact with and relate their responses to the information presented in the case.

CONCLUSION

Overall, the performance in 2009 could be deemed satisfactory. However, one issue that stands out is the inability of candidates to engage in higher-order cognitive skills such as analysis, synthesis and evaluation. Candidates need to be afforded multiple opportunities to practise responding to questions that require this level of skills.

Good sources of material for certain management concepts can be obtained online and schools should make effective use of these sources in preparing candidates for the examination. It is important for candidates to examine topics in different contexts so that a broader understanding of key concepts of the systems can be developed.