

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®
MAY/JUNE 2012**

MANAGEMENT OF BUSINESS

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GENERAL COMMENTS

The Caribbean Advanced Proficiency Examination (CAPE) 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 is divided into two units, each examined by three papers.

Paper 01 – Multiple Choice

Paper 02 – Essay

Paper 03 – 031: School-Based Assessment (done by school candidates)

– 032: Alternative to School-Based Assessment (done by private candidates)

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

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

This year, 4 651 candidates wrote Unit 1. The mean mark was 170.29 out of 300 (56.76 per cent). The standard deviation was 43.5. Eighty-seven per cent of the candidates achieved acceptable grades (Grades I–V).

Unit 2 focuses on Applications in Management. It comprises three modules:

- Production and Operations Management
- Fundamentals of Marketing
- Small Business Management

Unit 2 was written by 3 529 candidates. The mean mark was 187.05 out of 310 (62.35 per cent). The standard deviation was 36.74. Ninety-seven per cent of the candidates achieved acceptable grades (Grades I–V).

DETAILED COMMENTS

UNIT 1

Paper 01 – Multiple Choice

Paper 01 consisted of 45 multiple choice items, 15 on each module. The items spanned knowledge, comprehension and application. The mean mark for this paper was 60.39 out of 90 (67.10 per cent). The standard deviation was 13.42.

Paper 02 – Essay Questions

Paper 02 comprised six questions, two on each module. Candidates were required to answer one question from each module. The mean mark for this paper was 69.82 out of 150 (46.55 per cent). The standard deviation was 28.32.

Module 1: Business and the Environment

Question 1

Approximately 56 per cent of candidates attempted this question. The question tested candidates' knowledge of multinationals. Part (a) required candidates to define the term *multinational corporation* and outline reasons why firms become multinationals. Part (b) required candidates to discuss potential benefits and drawbacks of multinationals to the host country. Overall, the performance of candidates was fair. The mean was 11.04 out of 25. The standard deviation was 4.56. Approximately 30 per cent of candidates scored at least 13 marks out of 25. Two candidates achieved the maximum available mark.

The majority of candidates were able to clearly define the term multinational corporation, hence, they were awarded the maximum mark for the definition. However, candidates did not perform as well on the other part of the question because they failed to clearly outline the reasons firms become multinationals. They were also unable to provide detailed discussions of the benefits and drawbacks of multinationals.

There is the need for candidates to practise answering questions aimed at higher order cognitive skills such as discussion and evaluation.

Question 2

Approximately 44 per cent of candidates attempted this question. The question tested candidates' knowledge of partnerships. It was divided into three parts. Part (a) (i) required candidates to define the term *partnership*. Part (a) (ii) required them to outline three advantages that a person would enjoy by operating as a sole trader rather than a partnership. Part (b) required candidates to discuss two advantages and two disadvantages that the sole trader may experience if she decides to convert her business to a limited liability company rather than a partnership. Performance on this question was less than satisfactory. The mean mark was 9.06 out of 25. The standard deviation was 4.63. Approximately 18

per cent of the candidates scored at least 13 of the 25 available marks. Two candidates achieved the maximum available mark.

The majority of candidates was able to define the term *partnership* as well as outline the advantages of operating a sole trader business. However, the majority of candidates failed to discuss in detail the advantages and disadvantages of a limited liability company as required by Part (b) of the question.

It is recommended that candidates give a more detailed treatment to questions requiring discussion rather than just identifying advantages and disadvantages, as was the case with this question.

Module 2: Management of People

Question 3

Approximately 15 per cent of the candidates attempted this question. The question tested candidates' knowledge of human resource management in organizations and was divided into three parts. Part (a) required candidates to distinguish between *training* and *development*. Part (b) required them to outline two conditions under which internally and externally based training programmes are best suited. Part (c) required candidates to discuss three reasons why training is important to organizations.

Part (a) was not well done. For this part of the question, most candidates were able to define the concepts but had difficulty making a clear distinction between the two. Part (b) was not well done either. The majority of candidates had difficulty outlining the conditions under which externally and internally-based training are best suited. Some of them indicated that internally-based training was that which takes place inside the building while externally-based training takes place outside the building. With regard to Part (c), the majority of candidates were able to identify reasons why training is important to organizations; however, they failed to elaborate on each point as required by the question. The mean mark was 9.82 out of 25. The standard deviation was 4.42. Approximately 20 per cent of the candidates scored at least 13 of the 25 available marks. Two candidates achieved the maximum available mark.

Question 4

Approximately 85 per cent of the candidates attempted this question which tested their knowledge of the concepts of leadership styles and conflict in organizations. Part (a) required candidates to define the terms *leadership* and *conflict*. Part (b) required them to distinguish between directive leadership style and participative leadership style. Part (c) required candidates to outline two advantages and two disadvantages of the participative style of leadership and Part (d) required them to discuss two strategies for managing conflict in an organization.

Overall, performance on this question was satisfactory. Candidates who performed very well gave a clear distinction between participative and directive leadership in addition to clearly outlining the advantages and disadvantages of participative leadership. With regard to Part (c), while the majority of candidates were able to identify strategies to manage conflict, they did not adequately discuss the strategies.

The mean mark was 14.82 out of 25. The standard deviation was 4.86. Approximately 60 per cent of the candidates scored at least 13 of the 25 available marks for this question. Ten candidates scored the maximum available mark.

Module 3: Accounting and Finance

Question 5

This question was attempted by approximately 66 per cent of the candidates. It tested candidates' knowledge of the conventions of accounting. Part (a) required candidates to compute the payback period. Part (b) required them to compute NPV and identify the project that the company should invest in giving one reason for the choice. Part (c) required candidates to state two advantages and two disadvantages of the payback and NPV methods. Part (d) required candidates to identify one investment appraisal method other than the NPV and payback methods.

Overall, performance on this question was satisfactory. The majority of candidates was able to correctly calculate both payback methods. In addition, they were able to apply the discount factor to the cash inflows and arrive at the correct present value as well as calculate the correct cumulative cash flow.

However, identifying clear advantages and disadvantages of the payback and NPV methods, as well as identifying an alternative investment appraisal method presented some challenge to the majority.

The mean mark was 14.30 out of 25. The standard deviation was 6.95. Approximately 57 per cent of the candidates scored at least 13 of the 25 available marks. One hundred and five candidates achieved the maximum available mark.

Question 6

This question was attempted by approximately 34 per cent of the candidates. The objectives tested candidates' knowledge of financial statements. This question was divided into three parts. Part (a) required candidates to outline two advantages and one limitation of ratio analysis. Part (b) required them to distinguish between a cash flow statement and a fund flow statement and Part (c) required them to identify three methods of improving a firm's cash flow position, and outline one advantage and one disadvantage of each method identified.

Performance on this question was poor. The mean mark was 3.98. The standard deviation was 4.22. No candidate achieved the maximum mark. The highest mark was 23 out of 25. This was achieved by two candidates. Approximately 14 per cent of the candidates scored at least 13 of the 25 marks available.

The majority of candidates performed well on Part (a). They were able to clearly outline the advantages and limitation of ratio analysis. Part (b) and Part (c) presented some challenges for many candidates. In Part (b), candidates failed to adequately define the funds flow statement and distinguish between a funds flow statement and a cash flow statement. In Part (c), candidates encountered some challenges in (i) identifying methods of improving cash flow as well as (ii) outlining advantages and disadvantages of the methods identified.

Paper 031 – School–Based Assessment (SBA)

Overall, the projects presented for the SBA for both units were satisfactory. Most of the topics chosen were appropriate for the CAPE level and relevant to the unit. The projects were generally written in a clear logical manner, and adhered to prescribed length. The mean mark for Unit 1 was 39.84 out of 60. The standard deviation was 9.63. Approximately 87 per cent of the students scored at least 50 per cent of the maximum mark.

The students who received high scores produced superior reports showing a high level of congruence among topics, objectives and data. These were supported by good analysis and a clear relationship between findings and recommendations. However, for the weak submissions, students failed to demonstrate adequate knowledge of the objectives being assessed and were unable to show the relationship between findings and recommendations. Some of these weak projects did not have clearly stated topics. Teachers' assessment of some of these samples was too lenient.

For the weak submissions, it is recommended that students choose objectives that relate to their topics, and these objectives should guide the entire project. Topic should be clearly stated. In the discussion of the findings, reference should be made to relevant management theories and principles, with appropriate referencing and citation from various sources. All recommendations should be aligned with problems and challenges identified in the area being researched.

Further Comments

Overall, performance in 2012 could be deemed satisfactory. There was marked improvement on the performance in the Unit 1, Module 3 – Business Finance and Accounting, over previous years. Overall, there was an increase in the number of students achieving acceptable grades in Unit 1. Performance on Unit 2 was consistent with that of 2011.

There was notable improvement in students' ability to address higher order cognitive skills such as analysis, synthesis and evaluation. However, the majority of students still need to work on developing these skills; one such way is to practise writing essay-type questions. In addition, students need to be more engaged in research both online and with the use of other management related articles including journals. The use of the prescribed management text and other recommended readings outlined in the syllabus should be encouraged by teachers. This approach will assist students in citing examples and elaborating on certain points when this is required by questions.

UNIT 2

Paper 01 – Multiple Choice

Paper 01 consisted of 45 multiple choice items, 15 on each module. The items spanned knowledge, comprehension and application. The mean mark was 62.70 out of 90 (69.66 per cent). The standard deviation was 12.41.

Paper 02 – Essay Questions

Paper 02 comprised six questions, two on each module. Candidates were required to answer one question from each module. The mean mark for this paper was 83.46 out of 150 (55.64 per cent). The standard deviation was 23.13.

Module 1: Production and Operations Management

Question 1

This question was attempted by approximately 31 per cent of the candidates. It tested candidates' knowledge of production; in particular, critical path analysis. Part (a) required candidates to draw a network diagram depicting major project activities and their sequential relationships. Part (b) required them to state length, in weeks, of each path; the expected length of project and the amount of slack time. Part (c) required candidates to outline two advantages and two limitations of using project evaluation and review technique (PERT) and critical path method (CPM) for planning and coordinating large-scale projects.

Overall performance on this question was satisfactory. The mean mark was 14.31. The standard deviation was 5.07. Approximately 54 per cent of the candidates scored at least 13 of the 25 available marks. Four candidates achieved the maximum available mark for this question.

Part (a) was well done by the majority of candidates. They were able to draw the diagram correctly with the nodes correctly numbered and clearly state earliest start time and latest finish times. Most of the candidates also demonstrated some competence in outlining the different activities and the path required for these. Additionally, they were able to correctly identify and calculate the critical path in the diagram. With regard to Part (b), even though the majority of candidates were able to calculate the length of the paths, they exhibited some weakness in calculating the slack time for each path. Part (c) proved to be challenging for some candidates. They were unable to clearly outline the advantages and limitations of the two techniques outlined in the question.

Question 2

This question was attempted by approximately 69 per cent of the candidates. It tested candidates' knowledge of decision making in production. Part (a) required candidates to define the concept of customer as it relates to total quality management (TQM) in addition to stating two ways in which TQM

is important in business. Part (b) required candidates to describe three TQM techniques and Part (c) required them to discuss three factors influencing the location of a manufacturing company.

Overall, performance on this question was fair. The mean mark was 13.15. The standard deviation was 4.97. Approximately 47 per cent of the candidates scored at least 13 of the 25 available marks. Four candidates achieved the maximum mark.

In Part (a), the majority of candidates was able to state the importance of TQM to a business, however, they exhibited some weakness in defining *customer* from a TQM perspective. For this part of the question, candidates were expected to focus on the internal customer but most of their definitions focused on the customer from the perspective of the one purchasing the product.

The majority of candidates exhibited some difficulty in describing three TQM techniques as required by Part (b). For the most part, they failed to describe strategies such as *benchmarking*, *outsourcing*, *continuous improvement* and *quality circles* as expected. Candidates performed satisfactorily on Part (c), clearly identifying and discussing factors that are likely to influence the location of the company.

Module 2: Fundamentals of Marketing

Question 3

This question was attempted by approximately 84 per cent of candidates. It tested candidates' knowledge of promotional tools.

Part (a) required candidates to differentiate between *informative advertising* and *persuasive advertising* and describe one situation in which each would be more effective. Part (b) required them to discuss two factors that may influence media choice. Part (c) required candidates to identify three promotional tools other than advertising and outline one relative advantage of each tool.

Overall performance on this question was fair. The mean was 12.62. The standard deviation was 4.91. Approximately 45 per cent of candidates scored at least 13 of the 25 available marks. The highest mark on this question was 24 out of 25. This was achieved by six candidates.

In Part (a), the majority of candidates were able to define *persuasive* and *informative advertising*, however, they experienced difficulty in describing one situation in which each type of advertising would be effective. Part (b) presented some challenge to the candidates. While they were able to identify two factors influencing media choice, they did not elaborate on each as required by the question. With regard to Part (c), while candidates were able to identify three promotional tools, the majority of them was unable to clearly outline one advantage of each promotional tool.

Question 4

This question was attempted by approximately 16 per cent of the candidates. It tested candidates' knowledge of *distribution*. The question was divided into three parts. Part (a) required candidates to define the concept *distribution*. Part (b) required them to identify three factors that may influence the

choice of distribution channel and explain the importance of each distribution channel. Part (c) required candidates to outline three advantages and two disadvantages, to a manufacturer, of using intermediary channels.

Overall, performance on this question was not fair. The mean was 11.24 out of 25. The standard deviation was 5.07. Two candidates achieved the maximum mark. Approximately 31 per cent of the candidates scored at least 13 of the 25 available marks.

In Part (a), the majority of candidates was able to explain the concept of *distribution*. In Part (b), most candidates were able to identify factors that might influence the choice of a media but failed to elaborate on each factor in determining such choice. In Part (c), the majority of candidates was unable to clearly outline three advantages and two disadvantages of using intermediary channels.

Module 3: Small Business Management

Question 5

This question was attempted by approximately 36 per cent of the candidates. It tested candidates' knowledge of entrepreneurship. Part (a) required candidates to discuss four ways in which a small business can contribute to the development of the country in which it is located. Part (b) required them to describe three possible difficulties faced by small businesses.

The majority of candidates provided acceptable responses. They were able to outline difficulties faced by small businesses in addition to identifying the contribution of small businesses to the economy. However, some candidates were challenged in developing some of the points identified.

Overall performance on this question was fairly good. The mean was 16.60. The standard deviation was 4.43. Approximately 77 per cent of the candidates scored at least 13 of the 25 available marks. Sixteen candidates achieved the maximum mark.

Question 6

This question was attempted by approximately 64 per cent of the candidates. The question tested candidates' knowledge of managing a small business. Part (a) required candidates to define the term *entrepreneurship* and outline three characteristics of a successful entrepreneur. Part (b) required them to discuss four factors that an entrepreneur must take into consideration if her business is to succeed and to discuss the importance of each factor.

The majority of the candidates performed well on Part (a). In Part (b), the majority of candidates provided acceptable responses, identifying factors that the entrepreneur must take into consideration if her business is to succeed. Candidates had difficulty developing their points clearly. Candidates who performed well on this part of the question identified factors such as *market demand, buying or starting a new business, finance, setting measurable objectives, availability of labour, pricing strategy and location*. In addition to identifying these factors they also provided a comprehensive discussion of each factor identified outlining reasons, and in some instances, providing examples.

Overall, performance on this question was satisfactory. The mean was 15.41. The standard deviation was 3.97. Approximately 71 per cent of the candidates scored at least 13 of the 25 available marks. Nine candidates achieved the maximum available mark.

It is recommended that candidates align their answers with the marks allocated to determine where more comprehensive discussion is required.

Paper 031 – School-Based Assessment (SBA)

Overall, the projects presented for the SBA for both units were satisfactory. Most of the topics chosen were appropriate for the CAPE level and relevant to the unit. The projects were generally written in a clear logical manner, and adhered to prescribed length. The mean mark for Unit 2 was 37.77. The standard deviation was 10.42. Approximately 80 per cent of the students scored at least 50 per cent of the maximum available mark.

The students who received high scores produced superior reports showing a high level of congruence among topics, objectives and data. These were supported by good analysis and a clear relationship between findings and recommendations. However, for the weak submissions, students failed to demonstrate adequate knowledge of the objectives being assessed and were unable to show the relationship between findings and recommendations. Some of these weak projects did not have clearly stated topics. Teachers' assessment of some of these samples was too lenient.

For the weak submissions, it is recommended that students choose objectives that relate to their topics, these objectives should guide the entire project. Topics should be clearly stated. In the discussion of the findings, reference should be made to relevant management theories and principles, with appropriate referencing and citation from various sources. All recommendations should be aligned with problems and challenges identified in the area being researched.

Further Comments

Overall, performance in 2012 could be deemed satisfactory. Performance on Unit 2 was consistent with that of 2011.

There was notable improvement in students' ability to address higher order cognitive skills such as analysis, synthesis and evaluation. However, the majority of students still need to work on developing these skills; one such way is to practise writing essay-type questions. In addition, students need to be more engaged in research both online and with the use of other management related articles including journals. The use of the prescribed management text and other recommended readings outlined in the syllabus should be encouraged by teachers. This approach will assist students in citing examples and elaborating on certain points when this is required by questions.