

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
ADVANCED PROFICIENCY EXAMINATION
MAY/JUNE 2010**

MANAGEMENT OF BUSINESS

GENERAL COMMENTS

The Caribbean Advanced Proficiency Examination (CAPE) in Management of Business seeks to provide students with the basic skills required to address managerial problems and challenges faced by businesses. These skills enable students 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 – 03/1: Internal Assessment (done by school candidates)

03/2: Alternative to Internal Assessment (done by private candidates)

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

This year, 4,585 candidates wrote Unit 1. The mean mark was 49.03 per cent.

UNIT 2

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 3,321 candidates. The mean mark was 56.29 per cent.

Overall, the performance in 2010 was satisfactory. However, there was notable decrease in the performance in the Finance and Accounting Module when compared to previous years. In order to develop and maintain a satisfactory performance in this module, students need practice in working questions requiring knowledge of accounting. These concepts are better understood by frequent practice.

The inability of candidates to engage in higher order cognitive thinking, for example, analysis, synthesis and evaluation continue to hamper their performances. Students need to practice writing more essay type questions to gain exposure to these types of questions. The writing of Essay questions will challenge students to organise their thoughts in a logical manner and express them in their own words which is required of students sitting examinations at this level.

Students and teachers need to make use of online materials on management concepts in preparing for the examination. In addition, students should be encouraged to use prescribed text books as well as those recommended for reading.

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 60.91 per cent.

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 37.69 per cent.

Module 1: Business and the Environment

Question 1

Question 1 assessed candidates' knowledge of business organizations and the importance of setting business objectives. The question was divided into two parts. In Part (a), candidates were required to define the term 'mission statement' and outline three reasons why a mission statement is important to business. Part (b) required candidates to identify four criteria for measuring the size and growth of business and to evaluate the effectiveness of three of the criteria identified.

Approximately 67 per cent of the candidates attempted this question, 25 per cent of whom achieved 50 per cent or more of the available marks. The mean mark was 10.41 out of 25.

Overall, the performance of candidates on this question was unsatisfactory. The quality of performance seemed to be primarily due to a lack of understanding of Part (b) (ii) of the question which required the application and evaluation of information. While candidates were able to identify at least three criteria, they failed to evaluate the effectiveness of the criteria identified. Failure to answer the latter part of the question resulted in low overall marks since most of the marks were allocated to this section of the question.

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

Question 2

This question assessed candidates' knowledge of business objectives. It was divided into three parts. Part (a) required candidates to discuss three objectives of a business. Part (b) required them to define the term 'social responsibility', while Part (c) required that they outline three reasons why firms should practise social responsibility.

Approximately 33 per cent of the candidates attempted this question, 39 per cent of whom achieved at least 50 per cent of the available marks. The mean mark was 11.03 out of 25.

The majority of candidates were able to identify the main objectives of a business, thereby achieving the maximum mark for this section of the question. However, they failed to adequately discuss the objectives. While the majority of candidates were able to give an acceptable definition for social responsibility, they failed to provide appropriate examples or outline reasons why practising social responsibility is important in business.

The objectives tested in this module have not been tested over the last three years. This may be partly responsible for the poor performance on these questions. However, students need to be prepared on the entire syllabus as questions can be asked on any section at any time. Students should be discouraged from trying to 'spot' questions based on trends.

Module 2: Management of People

Question 3

Question 3 tested candidates' knowledge of leadership styles. It was divided into three parts. Part (a) required candidates to define the term 'participative leadership'; Part (b) required them to discuss two advantages and two disadvantages of the participative style of leadership, while Part (c) required that they outline three situations in which the participative style would be useful to a firm.

Approximately 59 per cent of candidates attempted the question, 34 per cent of whom achieved at least 50 per cent of the available marks. The mean mark was 10.35 out of 25.

Candidates who performed well on this question gave clear definitions for participative leadership. In addition to identifying the advantages and disadvantages, they also presented comprehensive discussions. Clear outlines of situations in which participative leadership is useful were also illustrated. These included some very creative ideas.

Question 4

Question 4 tested candidates' knowledge of human resource management in organizations. It was divided into two parts. Part (a) required candidates to define the term 'training' and state three reasons why training is important to an organization. Part (b) required that candidates evaluate two conditions under which internally based and externally based training programmes are best suited.

Approximately 23 of the candidates attempted this question. The performance was generally good, 35 per cent of the candidates achieved at least 50 per cent of the available marks. The mean mark was 10.84 out of 25.

Candidates performed very well on Part (a). For the most part, they were able to give clear definitions of training and outline reasons why training is important to an organization. Part (b) was not as well done as Part (a). Candidates generally had difficulty evaluating the situations requiring internal and external training.

Candidates who scored well included in their evaluation, situations such as technical facilities, duration of training, cost and frequency as factors which determine whether training is done internally or externally.

Module 3: Business Finance and Accounting

Question 5

This question tested candidates' knowledge of business finance. Part (a) required candidates to compute the cumulative cash flow for each of the given projects; Part (b) required them to compute payback period and Part (c) required candidates to indicate which project the company should accept. Part (d) required candidates to use the concept of internal rate of return to select the project that the company should accept based on the measure.

This question was attempted by approximately 59 per cent of the candidates, 20 per cent of whom received at least 50 per cent of the available marks. The mean mark was 8.02 out of 25.

Part (a) of the question was the most challenging for candidates. The majority of candidates seemed to have ignored the instruction to calculate cumulative cash flow; instead, they proceeded to calculate the payback which required a different operation. Part (c) was well known by most candidates.

Teachers need to emphasize the differences among key concepts such as cash flow, discount flow and cumulative cash flow. Students should be reminded of the need to read and follow instructions carefully.

Question 6

This question tested candidates' knowledge of accounting conventions and financial statements. It was divided into two parts. Part (a) required candidates to explain the term 'cash flow statement' and identify two other financial statements used by the firm whereas Part (b) required an analysis of the cash flow statement of the firm under given headings.

This question was attempted by approximately 24 per cent of the candidates. Four per cent of them scored at least 50 per cent of the available marks. The mean mark was 5.70 out of 25.

Part (a) of the question was very well done. Most candidates achieved the maximum available mark. Part (b) presented the most challenge for candidates; it required them to engage in higher order thinking. Generally candidates appeared to lack knowledge of the particular content and resorted to a common sense approach to answering the question.

Teachers need to engage students in classroom discussion on cash flow statements, focusing on the origin of line items and their implications. The point that cash flow statements do not necessarily indicate profitability of a firm should be emphasized. Students also need to be better prepared in the accounting aspect of the module.

Paper 03/1 – Internal Assessment (IA)

The Internal Assessment projects presented for Unit 1 were generally satisfactory. The majority of 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 the prescribed length. Many of the students' marks ranged from 46 to 60. However, the weaker projects did not demonstrate adequate knowledge of the project requirements and did not establish a relationship between findings and

recommendations. Some of them did not have a clearly stated topic and some of the teachers' assessments of these samples were too lenient. The mean mark was 38.92 out of 60.

Paper 03/2 – Alternative to Internal Assessment

Paper 03/2 comprised a case study from which candidates were required to answer three questions, one on each module. The quality of responses presented by candidates suggests that they were not adequately prepared for the examination. The means were 7.75, 8.53 and 8.14 out of 20 for Modules 1, 2 and 3 respectively. There was a general decline in the performance on this paper over the past two years. The mean for the paper was 24.42 out of 60 compared with 27.23 in 2009 and 32.61 in 2008.

UNIT 2

Paper 01 – Multiple Choice

Paper 01 consisted of 45 multiple choice items, fifteen on each module. The items span knowledge, comprehension and application. The mean for this paper was 62.74 per cent.

Paper 02 – Essay Questions

Module 1: Production and Operations Management

Question 1

Question 1 tested candidates' knowledge of production in business. It was divided into two parts. Part (a) required candidates to define the term 'just-in-time (JIT) operations' and discuss three elements of approach to quality used by JIT Systems. Part (b) required candidates to identify three requirements for effective inventory management and state four reasons why firms hold inventories.

The question was attempted by approximately 23 per cent of the candidates, 30 per cent of whom scored at least 50 per cent of the available marks. The mean mark was 9.74 out of 25.

Part (a) presented some challenge for candidates. The majority to them seemed to have misinterpreted the term 'elements of approach to quality' thereby confusing it with dimensions of quality. This resulted in durability and serviceability being presented instead of the requirements for standardization, high quality raw materials, vendor certification and workers' responsibility for quality products.

Part (b) (i) was well done by the majority of candidates. Most of them correctly identified the three requirements for effective inventory management.

It is recommended that teachers provide guidance in the interpretation of questions and the identification of key terms.

Question 2

Question 2 tested candidates' knowledge of productivity. It was attempted by approximately 58 per cent of the candidates. Overall performance on this question was fair.

Approximately 50 per cent of the candidates who did this question scored more than 50 per cent of the available marks. Nine candidates received perfect scores while 36 scored 24 of the 25 marks. The mean mark was 11.70 out of 25.

Part (a) of the question required candidates to compute labour productivity using output/worker/hour as the targeted measure and to explain the significance of the results for the company. Part (b) required candidates to suggest three steps for improving the productivity of the company.

Part (a) presented the most challenge for candidates. They generally had difficulty computing labour productivity. They were also challenged in interpreting the results. Part (b) was widely known to the majority of candidates. They were generally able to provide detailed discussions on steps that can be taken to improve productivity.

It is recommended that candidates carefully read the question and note what is required before attempting the question. In addition, candidates should practice answering past examination questions.

Module 2: Fundamentals of Marketing

Question 3

Question 3 tested candidates' knowledge of marketing research and was attempted by approximately 80 per cent of the candidates. Overall performance on this question was satisfactory.

Part (a) required candidates to differentiate between 'primary research' and 'secondary research', giving one advantage of each. Part (b) required candidates to list four ways in which marketing research can be beneficial to the company. Sixty-seven per cent of the candidates scored more than 12 of the 25 marks for this question while 59 candidates achieved perfect scores. The mean mark was 14.90 out of 25.

In Part (a), the majority of candidates were able to define the two terms and give suitable examples. Part (b) presented some challenge for candidates. Many of them were able to identify the benefits of market research but failed to adequately develop their responses. There was a lot of repetition in the development of their discussions.

It is recommended that candidates practise answering questions aimed at developing higher order cognitive skills such as analysis, synthesis and evaluation.

Question 4

Question 4 tested candidates' knowledge of market segmentation. It was attempted by approximately 14 per cent of the candidates. Performance on this question was less than satisfactory. The mean mark was 9.34 out of 25. The question was divided into three parts. Part (a) required candidates to

differentiate between ‘market segmentation’ and ‘niche marketing’; Part (b) required them to outline the benefits of niche marketing and Part (c) required that they discuss the benefits and drawbacks of market segmentation.

Twenty five per cent of the candidates scored at least 13 of the 25 available marks. The overall performance on this question was disappointing especially given the fact that this concept is tested regularly.

Defining niche marketing and outlining its benefits presented a major challenge for many candidates. Market segmentation issues were, however, adequately addressed.

Candidates’ responses suggested insufficient knowledge of the term ‘niche marketing’. In Part (c), candidates correctly identified the issues but failed to develop the arguments necessary to score higher grades in this area.

It is recommended that candidates practise developing their responses in a logical manner so as not to omit important details and that they align their responses with the marks allocated.

Module 3: Small Business Management

Question 5

Question 5 tested candidates’ knowledge of entrepreneurs. It was attempted by approximately 76 per cent of the candidates, 69 per cent of whom scored at least 50 per cent of the available marks. Overall performance on this question was good. The mean mark was 14.70 out of 25.

Part (a) required candidates to outline three difficulties faced by small businesses in their country; Part (b) required them to discuss four main contributions that small businesses make to the development of a country’s economy. 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 did not adequately develop the points identified.

Question 6

Question 6 tested candidates’ knowledge of small business. The question was attempted by approximately 17 per cent of the candidates; 50 per cent of whom scored at least 50 per cent of the available marks. The mean mark was 12.56 out of 25.

Overall performance on this question was fair but somewhat disappointing given that the objectives tested have been tested in the recent past as it is an integral component of Module 3.

Candidates were presented with a scenario and were required to discuss five factors that would impact the success of a given business.

The majority of candidates provided acceptable responses, identifying factors that impacted the success of the business. Candidates who scored low marks on this question generally did not adequately develop their responses. Candidates who performed well on this question identified factors such as market demand, type of business organization, buy or start a new business, pricing

strategy and location, among others. In addition to identifying the factors, they also provided a comprehensive discussion of each factor outlining reasons and in some instances, providing examples.

It is recommended that candidates align their answers with the marks allocated to determine the level of discussion required. Teachers should consider business simulations and also encourage students to set up small businesses to gain practical experience.

Paper 03/1 – Internal Assessment

The projects presented for Unit 2 were generally good. Overall, the topics chosen were relevant to the modules in Unit 2. The marks ranged from 46 to 60. Most projects were written in a clear, logical manner and candidates used a variety of graphic tools in their presentations.

Paper 03/2 – Alternative to Internal Assessment

Performance on Paper 03/2 was good although there was an overall decline. The mean mark was 35.27 out of 60. Performance was satisfactory across modules. The means were 10.73, 12.77 and 11.77 for Modules 1, 2, and 3 respectively.

In order to improve their performance on this paper, candidates need to interpret the case in the framework of business concepts and theories, applying the principles to real-life experiences.