

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN ADVANCED PROFICIENCY EXAMINATION®**

MAY/JUNE 2014

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, 795 candidates wrote Unit 1. The mean mark was 168.26 out of 300 (56.09 per cent). The standard deviation was 39.89. 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, 351 candidates. The mean mark was 192.02 out of 300 (64.01 per cent). The standard deviation was 35.97. Ninety-eight per cent of the candidates achieved acceptable grades (Grades I–V).

May/June 2014 was the second sitting of the examination based on the revised Management of Business syllabus. Overall, performance in 2014 could be deemed satisfactory and was consistent with that of 2013 and 2012.

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 59.41 out of 90 (64.90 per cent). The standard deviation was 13.09.

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 68.30 out of 150 (45.60 per cent). The standard deviation was 25.19.

Module 1: Business and the Environment

Question 1

This question tested candidates' knowledge of privatization and nationalization. Approximately 31 per cent of the candidates attempted this question. The specific objective tested was Unit 1, Module 1, Specific Objective 2. With reference to the scenario given, Part (a) required candidates to differentiate between privatization and nationalization. Part (b) focused on the negative impact of privatization of the bus system and Part (c) on the benefits of privatization of the bus system.

Overall performance on this question was unsatisfactory. The mean mark was 7.24 out of 25 (28.96 per cent). The standard deviation was 4.29. Approximately 35 per cent of candidates achieved scores of between six and ten of the total 25 marks allocated to the question, with 17 per cent obtaining scores between 11 and 15 marks. Approximately 3 per cent obtained scores between 20 and 25. The highest mark was 21 out of 25. This was achieved by one candidate.

The specific area of good performance was Part (a) where most candidates were able to differentiate between privatization and nationalization, depicting a clear understanding of each concept.

Specific areas of weak performance were Parts (b) and (c) where some candidates had difficulty identifying and elaborating on the negative impact as well as the benefits of privatization of the bus system in the named country.

Recommendation

There is the need for candidates to practice answering questions aimed at higher order cognitive skills such as application and evaluation. This would help them to develop the necessary essay writing skills.

Question 2

This question was divided into three parts. With reference to the scenario given, Part (a) required candidates to define the term *globalization* and *multinational corporations* (MNCs); Part (b) asked them to outline three ways in which the government can encourage growth of MNCs; and Part (c) focused on ways in which the number of MNCs may impact businesses in the Caribbean Region.

The specific objective tested was Unit 1, Module 1, Specific Objective 6.

Approximately 69 per cent of overall candidates attempted this question. The mean mark was 10.35 out of 25 (41.40 per cent). The standard deviation was 4.88. Approximately 46 per cent of candidates obtained 12 marks or more out of the 25 marks allocated to the question while the remaining 54 per cent obtained below 12 marks. Approximately 31 per cent obtained between 11 and 15 marks. The highest mark was 25 out of 25. This was achieved by one candidate.

Candidates' overall performance was fair. Specific areas of good performance were noted on Part (a) where the majority of candidates demonstrated a clear understanding of the definition of both concepts — globalization and multinational corporations.

Specific areas of weak performance included Parts (b) and (c). With reference to Part (b), candidates were able to identify ways in which the government can encourage the growth of MNCs but discussion on the points was consistently weak. With reference to Part (c), some candidates misinterpreted the question and centered their discussion on the impact on the country instead of on the businesses in the region.

Recommendation

Candidates need to pay careful attention to the interpretation of questions and elaborating on points where necessary.

Module 2: Management of People

Question 3

This question tested Specific Objective 2 — Characteristics of Formal Organizational Structures; Specific Objective 6 — Causes of Conflict; and Specific Objective 5 — Group and Team Management. Approximately 72 per cent of the candidates attempted this question.

Part (a) drew on candidates' understanding of concepts while Part (b) focused on their application of knowledge to the scenario presented in the question; Part (c) focused on the analysis of the ideas.

The main challenge experienced by the majority of candidates was differentiating clearly and precisely between the two concepts they were asked to define — *authority* and *responsibility*. Generally, their strengths were in the application part of the question. They were asked to explain three causes of conflict in the organization based on the scenario. Most candidates scored full marks on this section.

This question performed the best on this paper. Approximately 65 per cent of candidates obtained a score between 16 and 25 marks. This is a good sign indicating that candidates have an above average grasp of the concepts tested. The mean mark was 17.21 out of 25 (68.84 per cent). The standard deviation was 4.89. Ninety-four candidates achieved the maximum 25 marks, with another 188 scoring 24 out of 25.

Question 4

Question 4 tested Specific Objective 4 — Leadership; Specific objective 3 — Theory and Application of Motivation; and Specific Objective 10 — Human Resource Management. Part (a) drew on candidates' understanding of concepts, Part (b) required the application of skills while Part (c) assessed analytical skills.

The question was attempted by 28 per cent of the candidates. The mean mark was 13.60 out of 25 (54.40 per cent). The standard deviation was 4.44. Eleven candidates achieved the maximum mark. Approximately 70 per cent of candidates scored at least 50 per cent of the available mark, with a mere six per cent achieving an outstanding score, that is, between 21 and 25 marks. The scores have confirmed the point made earlier about weak performances in Parts (a) and (b).

The main challenges experienced by the majority of the candidates were:

- Presentation of a clear and unambiguous description of the concepts. Related concepts were not clearly differentiated indicating that candidates had only vague ideas of their meaning.
- Applying Maslow's Hierarchy of Needs theory to organizational activities and the response to those needs.

Parts (a) and (b) accounted for 13 of the 25 marks allotted to this question. Candidates' best performance was in Part (c) which drew on their analytical skills. Candidates were asked to discuss three benefits of on-the-job

training to the business as identified in the scenario given. Many candidates discussed four and five benefits very well. Despite this, candidates could only achieve the maximum marks of 12.

Recommendations

For the questions in this module (both questions 3 and 4), the main area of weakness was the explanation and differentiation of concepts. It is therefore recommended that:

- Teachers could employ multiple methodologies to ensure that students' understanding of concepts is deep and wide.
- During the instruction process, multiple and varied strategies could be adopted to help students apply theoretical concepts to real life situations within the business environment in their country and the Caribbean.

Module 3: Accounting and Finance

Question 5

The objectives tested were Unit 1, Module 3 Specific Objectives 2 and 9. These objectives tested candidates' ability to calculate and compare the different investment appraisal methods and choose sources of finance for a business. Part (a) required candidates to calculate payback period and net present value. Part (b) asked candidates to suggest the best investment option and Parts (c) and (d) focused on sources of finance and criteria for choosing the best source. This question was attempted by approximately 55 per cent of candidates.

Overall, the performance on this question was unsatisfactory. The mean mark was 9.88 out of 24 (39.52 per cent). The standard deviation was 6.92. Nine candidates achieved the maximum available mark; 36 per cent obtained 12 marks and above; and 64 per cent obtained a score below 12.

In Part (a), candidates demonstrated very little competence at calculating the payback period and the net present value for each project even though deemed simple. In some instances, candidates evidently were not aware of the correct formulas.

Recommendations

It is recommended that a greater effort be made to ensure that students understand the quantitative aspect of the syllabus; they were more competent at Parts (c) and (d) that required qualitative responses.

Students should be encouraged to use topics from this module for SBA so as to familiarize themselves with the contents from an early stage. It is also recommended that teachers spend more time on this module, if possible, and reorganize approach to delivery by teaching this module much earlier than the others. Team-teaching is also recommended, for instance experts in the different accounting field can be invited in to make presentations to students.

Question 6

The objective tested was Unit 1, Module 3 Specific Objective 7. Candidates were required to compute accounting ratios and use this information to analyse the operation of the given business. Part (a) required that candidates (i) define the term *ratio analysis* and (ii) state three ways in which ratio analysis is important to a business. Part (b) required candidates to compute the following ratios: acid test, gearing ratio, net profit margin, return on capital employed, or equity, and explain what each ratio indicates about the performance of the business. This question was attempted by approximately 45 per cent of the candidates.

Overall, performance on this question was poor. The mean mark was 7.57 out of 25 (30.28 per cent). The standard deviation was 5.09. The highest mark was 23 out of 25. This was achieved by one candidate.

Approximately 37 per cent obtained 12 and above of the total 25 marks allocated to the question while the remaining 63 per cent obtained below 12 marks. Approximately 12 per cent obtained between 15 and 25 marks.

A general lack of knowledge regarding ratio analysis was evident. In some instances, the formulae were incorrectly outlined by candidates thus resulting in wrong figures being used for the calculation of the ratios. Candidates' performance on Part (a) was fairly satisfactory.

Recommendations

As previously recommended, it is important that teachers emphasize:

- The components of the financial statement and incorporate these when teaching the concept of ratios.
- The importance of not only the calculations of the ratios but also interpretation.
- Not only profitability and liquidity ratios but also others such as efficiency and gearing ratios.

Paper 031 – School-Based Assessment (SBA)

The projects presented for Unit 1 SBAs were overall satisfactory. Most of the topics chosen were appropriate for the CAPE level and relevant to the Unit. Most projects were written in a clear logical manner, and adhered to prescribed length. Three thousand, nine hundred and thirty-one candidates did SBA projects. The mean mark was 41.07 out of 60 (68.46 per cent). The standard deviation was 9.08. The majority of marks fell in the 48-60 range. However, there were a few weak submissions where students did not have clearly stated topics and failure to do so affected the cohesiveness of the projects. Some candidates did not analyse the data interpreted in light of business theories and concepts.

Recommendations

It is recommended that careful attention be given to ensure that students state their topics clearly and that the conclusion and recommendations be in line with the findings of the research.

Paper 032 – Alternative to the School-Based Assessment (SBA)

Paper 032 tested candidates' knowledge of types of business, mission statement, leadership styles and the purpose of keeping good accounting records. The paper was written by 198 private candidates. Performance on this paper was good. The mean mark was 38.83 out of 60 (64.72 per cent). The standard deviation was 9.35. The means on the modules were; Module 1 – 14.93 out of 20; Module 2 – 12.45 out of 20 and Module 3 – 11.45 out of 20. The standard deviations were 4.04, 3.68 and 3.76 respectively. There was overall improvement in the quality of responses presented by candidates.

UNIT 2**Paper 02 – Essay Questions****Module 1: Production & Operations Management**Question 1

This question tested candidates' knowledge of production and productivity (Specific Objectives 1 and 8). The question was attempted by 87 per cent of the candidates.

Part (a) drew on candidates' understanding of similar and dissimilar concepts as well as the application of the concepts to quality improvements in a firm. Part (b) also required the use of application skills while, Part (c) tested candidates' analytical abilities.

The main difficulty candidates had with this question was explaining why the firm may have chosen one or the other production method given in the scenario. They were asked to differentiate between job and flow production methods and to explain why the firm had chosen to adopt each of method. Though the answers as to why the firm had chosen each of the production methods was poorly answered in the main, most candidates were able to differentiate between both methods of production.

Part (b), which required the demonstration of application skills, had the highest frequency of excellent answers. Overall, performance on the question was good. The mean mark was 15.88 out of 25 (63.52 per cent). The standard deviation was 5.04. Approximately 80 per cent of the candidates who attempted this question scored 12 marks or above; approximately 36 per cent obtained scores between 16 and 25. Seventy-four candidates achieved the maximum mark.

Recommendations

It is recommended that teachers continue to reinforce examination techniques with students in addition to providing the necessary guidance in the identification of key terms.

Question 2

This question tested candidates' knowledge of Objective 4 — Capacity Planning and Objective 8 — Lean Production and Quality Management.

Part (a) drew on candidates' understanding of similar concepts and being able to differentiate between them, as well as the application of knowledge to the scenario presented in the question. Part (b) also required the use of application skills while, Part (c) tested candidates' analytical abilities.

Only 13 per cent of the candidates attempted this question. In Part (a), candidates were required to define *outsourcing* and distinguish between economies of scale and diseconomies of scale. They were also required to outline how outsourcing can improve product quality. The area of greatest difficulty for candidates was differentiating between economies and diseconomies of scale.

Part (b) required candidates to demonstrate their understanding of ways to increase capacity. This part of the question was well done by the majority of candidates.

For Part (c), candidates were required to analyse the disadvantages to the firm identified in the scenario, of operating at full capacity. This was an area of outstanding performance for the majority of candidates.

Performance on this question was fairly good. The mean mark was 14.04 out of 25 (56.16 per cent). The standard deviation was 6.34. Approximately 70 per cent of candidates scored 12 marks or above, 46 per cent of them scored in the upper range of 16 to 25. Eight candidates achieved the maximum available mark.

Recommendations

In addition to teachers employing multiple methodologies to ensure that students' understanding of concepts is deep and wide as previously mentioned, it should also be noted that:

- Students should be guided to read the scenario presented and search for clues that can help them answer the questions clearly and accurately.
- Students need to realize that the questions are based on the scenario and they cannot score high marks on the question by ignoring the scenario.

Module 2: Fundamentals of Marketing

Question 3

This question tested candidates' knowledge of market segmentation and the product life cycle — Specific Objectives 5, 6, 7 and 9. Approximately 46 per cent of the candidates attempted this question.

The question was divided into two major parts. For Part (a), candidates were required to define *market segmentation*; state three benefits of market segmentation and outline four bases on which markets are segmented.

Part b (i) required candidates to indicate at what stage of the product life cycle the named firm is likely to be and to cite two pieces of evidence from the scenario to support the answer. For Part b (ii), candidates were required to justify one pricing strategy and one promotional strategy which the company could adopt while it is at the product life cycle stage identified.

General performance on this question was fair. The mean mark was 13.39 out of 25 (53.56 per cent). The standard deviation was 4.32. The highest mark was 24 out of 25. This was achieved by two candidates. Approximately 69 per cent of the candidates scored between between 11 and 20 marks, with approximately 5 per cent getting between 20 and 25 of the 25 marks allocated to the question.

Candidates who performed well on the question were those who were able to identify the different bases of segmentation and indicated the relevant accompanying variables.

Despite the overall good performance on the question, the main area of weakness was that a number of candidates were unable to identify correctly, the stage of the product life cycle at which that the firm was likely to be. In addition, they had difficulty indicating the requisite pricing and promotional strategies.

Recommendations

It is recommended that teachers discuss with students the pricing and promotional strategies which are applicable to the different levels of the product life cycle, examining different products. The use of case studies is encouraged in the teaching/learning process. These are excellent reinforcement strategies that can be used to develop students higher order thinking skills.

Question 4

The question tested candidates' knowledge of advertising and distribution channels — Specific Objectives 8 and 9. Approximately 54 per cent of the candidates attempted this question.

Part (a) required candidates to distinguish between the direct and indirect distribution channel as well as to outline three distribution factors that may influence a named firm to choose a direct distribution channel. Part (b) required candidates to define *advertising* and discuss three ways in which the firm could benefit from advertising.

Overall, performance on this question can be deemed satisfactory. The mean mark was 12.67 out of 25 (50.68 per cent). The standard deviation was 4.57. Four candidates achieved the maximum mark. Approximately 68 per cent of the candidates scored at least 11 marks out of 25. Twenty-six per cent of them scored between 15 and 25.

Specific areas of good performance included definitions given for advertising as well as *direct distribution*. In addition, candidates were able to give appropriate examples for each concept. On the other hand, some candidates were unable to defend factors identified that would influence the organization to choose direct distribution. In Part (b) (ii), some candidates' discussions were weak and there was repetition of principles in their attempt to elaborate.

Recommendations

It is recommended that:

- The pair and share technique be used to reinforce concepts and aid students in expressing themselves.
- Teachers provide more opportunities for students to apply and analyse concepts based on marketing scenarios and cases. This will give them practice in using the information given in a scenario to answer the questions assigned.

Module 3: Small Business Management

Question 5

This question tested candidates' knowledge of the business plan — Specific Objectives 3 and 6. The question was attempted by approximately 32 per cent of the candidates.

Part (a) tested candidates' knowledge of the components of a business plan. Part (b) required candidates to state three criteria for measuring the size of a business, and outline challenges faced by a small business. Part (c) asked candidates to discuss three advantages of small businesses over large businesses.

Overall, performance on this question was good. The mean was 14.89 out of 25 (59.56 per cent). The standard deviation was 4.63. Approximately 80 per cent obtained 12 marks and above of the 25 marks allocated to the question while the remaining 20 per cent obtained below 12 marks. Approximately 72 per cent obtained between 11 and 20 marks.

Specific areas of good performance were Parts (a) and (b) where approximately 80 per cent of the responses were good, if not excellent. Candidates demonstrated adequate knowledge of a business plan and its components. They also presented appropriate responses to the question of criteria for measuring size of businesses as well challenges facing small businesses.

However in Part (c), a number of candidates performed poorly. While candidates identified the advantages of small businesses over large businesses, they failed to discuss them adequately, hence losing the marks allocated for the discussion.

Recommendations

It is recommended that candidates do as much research in small businesses operating in their region.

Question 6

Question 6 tested candidates' knowledge of entrepreneurship, including the characteristics of successful entrepreneurs – specific objectives 1 and 4. The question was attempted by approximately 68 per cent of the candidates.

Part (a) tested candidates' knowledge of the term *entrepreneurship* in addition to examining the characteristics, advantages and disadvantages of an entrepreneur. Part (b) presented a scenario to candidates; Part b (i) focused on benefits a named entrepreneur would experience if he borrows money from family/friend to start his landscaping business while Part b (ii) focused on the characteristics displayed by the entrepreneur that may prevent him from becoming a successful.

Overall, performance on this question was good. The mean mark was 16.26 out of 25 (65.04). The standard deviation was 3.53. Three candidates achieved the maximum mark. Approximately 93 per cent of the candidates scored 12 marks and above of the total 25 marks allocated to the question while the remaining 7 per cent obtained below 12 marks. Approximately 90 per cent obtained between 15 and 25 marks.

Specific areas of good performance were Parts (a) (i), (ii) and (iii) where candidates gave clear and detailed responses with the use of appropriate examples. Weak performance was registered by candidates when answering Parts (b) (i) and (ii) where they failed to develop their points.

Paper 031 – School-Based Assessment (SBA)

Seven hundred and eighty-four candidates completed SBA projects. The projects were generally good. In most instances, the topics chosen were relevant to the unit and most marks fell within the 46 to 60 range. The majority of candidates demonstrated knowledge of the concepts in the syllabus and this was evident in their presentation. Overall, the analysis of data captured the essence of the graphs and a great number of candidates used descriptive statistics appropriately. As previously mentioned in Unit 1, the main area of weakness was that a few candidates did not have clearly stated topics.

Paper 032 – Alternative to the School-Based Assessment (SBA)

Paper 032 tested candidates' knowledge of inventory control management, market research and micro-environmental factors. The paper was written by 124 private candidates. Performance on this paper was fair. The mean mark was 31.64 out of 60 (52.73 per cent). The standard deviation was 9.58. The means on the modules were: Module 1 — 11.05 out of 20; Module 2 — 11.59 out of 20 and Module 3 — 9 out of 20. The standard deviations were 4.04, 3.76 and 4.42 respectively. There was an overall improvement in the quality of responses presented by candidates.

Recommendation

It is recommended that more guidance be given to students when selecting their topics.

General Comments

Overall, the performance in 2014 could be deemed satisfactory. Although there was a slight increase in the performance of the Finance and Accounting module when compared to the previous year, the performance of

candidates in this module still continue to be very low when compared to the other modules. In order to develop and maintain a satisfactory performance in this module as mentioned before it is highly recommended that schools undertake a plan for greater preparation of students for this module. Students and teachers should pay careful attention to the recommendations made in this report.

It must be highlighted that there was a marked improvement in the quality of responses given for essay type questions this year (especially in Unit 2) which resulted in the overall good performance of the subject. Students should be encouraged to continue the practice of writing essay type questions to build their higher order cognitive skills.