



SUBJECT:	Business Studies
PAPER NUMBER:	I
DATE:	9 th May 2019
TIME:	4:00 p.m. to 6:05 p.m.

This paper consists of eight questions of 10 marks each.

Answer **ALL** questions.

Candidates are to write the question number and letter in the margin provided.

1. (a) Define scarcity and opportunity cost. (4)
 (b) Explain the relationship between scarcity and allocation of resources. (2)
 (c) Name **TWO** main business objectives. (2)
 (d) Give **TWO** reasons for the growth of Malta's tertiary sector. (2)

(Total: 10 marks)

2. (a) Define trade gap. (1)
 (b) List **THREE** measures applied by the European Union (EU) to ensure that Maltese businesses follow its trade practices. (3)
 (c) Distinguish between exports and imports. (4)
 (d) List **TWO** short-term measures a country might adopt to finance a balance of payments deficit. (2)

(Total: 10 marks)

3. (a) What term is used to refer to a government-owned business organisation? (1)
 (b) What is meant by "Public-Private Partnership"? Give **TWO** examples of public-private partnerships in Malta. (3)
 (c) Identify **TWO** differences between centralisation and delegation of authority. (4)
 (d) Mention **ONE** main advantage of nationalisation and **ONE** main advantage of privatisation. (2)

(Total: 10 marks)

4. (a) What is meant by the term business ethics? (2)
 (b) Give **TWO** examples of ethical business practice and **TWO** examples of unethical business practice at the place of work. (4)
 (c) Give **TWO** reasons why businesses need to adapt to a changing environment. (2)
 (d) Define the term globalisation. (2)

(Total: 10 marks)

5. (a) Name **FOUR** of the seven Ps of the marketing mix. (2)
(b) Explain **ONE** difference between internal and external sources of finance available to public limited companies, giving **TWO** examples of external sources of finance. (5)
(c) Distinguish between income and expenditure. (1)
(d) Identify **TWO** possible consequences of inefficient stock (inventory) control. (2)

(Total: 10 marks)

6. (a) Explain the terms minimum wage and statutory benefits. (2)
(b) Explain **TWO** differences between the process of arbitration and the process of conciliation in resolving disputes. (4)
(c) State **TWO** reasons why businesses may decide to reduce the number of employees. (2)
(d) Identify **TWO** benefits derived from joining employers' associations. (2)

(Total: 10 marks)

7. (a) Name **FOUR** basic elements in all forms of communication. (2)
(b) List **FOUR** problems in communication. (2)
(c) Distinguish between internal and external communication. (4)
(d) Mention **TWO** attributes to evaluate the importance of having an efficient production manager. (2)

(Total: 10 marks)

8. (a) What is the role of pressure groups? (2)
(b) What is the main role of each of the following:
i. Jobsplus (formerly ETC); (2)
ii. Malta Enterprise; (2)
iii. Malta Stock Exchange; (1)
iv. Malta Chamber of Commerce, Enterprise and Industry; (1)
v. Malta Tourism Authority; (1)
vi. Malta Resource Authority. (1)

(Total: 10 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIA
DATE:	10 th May 2019
TIME:	4:00 p.m. to 6:05 p.m.

This paper consists of six questions.

Answer **Question 1** from Section A and **ANY THREE** questions from Section B.

Candidates are to write the question number and letter in the margin provided.

SECTION A

Compulsory question.

1. Nestlé plc operates its headquarters in Vevey Switzerland, and operates factories in more than 80 countries. Amongst its vast food portfolio, Nestlé has the renowned chocolate Kit Kat. Kit Kat was launched in 1937. Since then, it has consistently been one of the bestselling chocolate bars on the market and has acquired an instantly recognisable brand name and identity. In 1997, British sales of Kit Kat amounted to some £227 million, which made it easily the most popular confectionery product on the market. Forty-four Kit Kats are consumed every second in the UK!

Nestlé's corporate objective is to be the world's largest and best-branded food manufacturer, whilst ensuring that the Nestlé name is synonymous with products of the highest quality. Kit Kat's advertising is concentrated in two media television commercials and posters.

Special editions are used primarily as promotional tools. Market research has shown that consumers prefer special editions to be available for limited periods only and that consumers are likely to purchase the original Kit Kat at the same time or shortly after. They are, therefore, a good way of injecting new life into the Kit Kat product life cycle.

A key advantage of maintaining a strong brand image in a competitive market is a degree of flexibility in the pricing strategy. When looking at the pricing strategy for Kit Kat, it can be seen from the figures that the real price has remained remarkably stable over the last sixty years.

Nestlé has developed distribution channels which ensure the availability of Kit Kat to buy wherever and whenever the consumer wishes to purchase it. Consequently, Nestlé tries to supply as many outlets as possible - both wholesaler and retailer channels.

Internationally, Kit Kat is now also manufactured in Canada, Germany, India, Malaysia, China, Japan, Australia, South Africa and the United States. It is available in more than 100 countries throughout the World.

(Adapted from the case study: Nestlé: Long term maintenance of a classic brand name)

Questions are on the next page.

- (a) Does Nestlé plc operate in the private or public sector? (2)
 - (b) State **TWO** differences between a Public Limited Liability Company and a Private Limited Liability Company. (2)
 - (c) Would you consider Nestlé to be a small or large scale company? Explain your answer with reference to the text. (2)
 - (d) Would you consider Nestlé plc to be a multinational or a franchise? Explain your answer with reference to the text. (2)
 - (e) Give **TWO** reasons why multinationals are beneficial to a country. (2)
 - (f) *Nestlé's corporate objective is to be the world's largest food manufacturer.* List **THREE** advantages that large scale businesses benefit from. State any other **TWO** objectives a business might pursue. (5)
 - (g) Nestlé engages in market research to monitor its performance. State **ONE** difference between primary and secondary market research. (2)
 - (h) Suggest **TWO** pricing strategies that new competitors to Nestlé might consider undertaking. Give an example for **EACH** strategy. (4)
 - (i) List **TWO** arguments for and **TWO** arguments against advertising. (4)
 - (j) Mention **TWO** ethical considerations Nestlé should take into account when marketing its products. (2)
 - (k) Explain what distribution channels are. Mention **TWO** types of distribution channels. (3)
- (Total: 30 marks)**

SECTION B

This section consists of five questions.

Answer ANY THREE questions from this section.

- 2. (a) Define communication. (4)
 - (b) List **FOUR** uses of communication. (4)
 - (c) Name **THREE** communication patterns and explain **EACH** briefly. (6)
 - (d) List **THREE** possible consequences of 'ineffective communication' in business organisations. (6)
- (Total: 20 marks)**
- 3. (a) Mention **TWO** differences between the private sector and the public sector. Give **ONE** example of a business organisation in **EACH** sector. (6)
 - (b) What is the difference between limited and unlimited liability? (4)
 - (c) Which type of limited liability company can issue shares to the public? Give **TWO** reasons for your answer. (4)
 - (d) Distinguish between ordinary shares and debentures (corporate bonds). Give **ONE** advantage and **ONE** disadvantage of each source of finance for the company. (6)
- (Total: 20 marks)**
- 4. (a) List the **FIVE** tiers in Maslow's Hierarchy of needs, starting from the lower need. (5)
 - (b) Briefly describe **FOUR** functions of the Human Resources Department. (4)
 - (c) What is job rotation and how can it improve job satisfaction? (4)
 - (d) How can 'non-financial incentives' improve the motivation of employees? Support your answer by giving **FOUR** examples of non-financial incentives. (7)
- (Total: 20 marks)**

5. (a) Why is a cash budget used? Give an example of **ONE** item of cash inflow and **ONE** item of cash outflow. (4)
- (b) What is a break-even chart? Sketch a break-even chart clearly indicating the break-even point and the area of profit. (4)
- (c) Interpret each of the following results:
- (i) Stock turnover: 4 times (2)
 - (ii) Current ratio (working capital ratio): 1.5:1 (2)
 - (iii) Quick asset ratio (Acid test ratio): 0.7:1 (2)
 - (iv) Why are accounting ratios calculated? (2)
- (d) Outline reasons why a business may make a gross profit and have a net loss at the end of the financial year. (4)

(Total: 20 marks)

6. (a) Define barter system. Briefly explain why a barter system is no longer a very practical system to use in today's economy. (4)
- (b) List **SIX** functions of the Central Bank of Malta. (6)
- (c) What is the relationship between commercial banks and the Central Bank? Name **TWO** commercial banks that operate in Malta. (6)
- (d) Give **FOUR** ways how the Office of Consumer Affairs helps consumers. (4)

(Total: 20 marks)

SUBJECT:	Business Studies
PAPER NUMBER:	IIB
DATE:	10 th May 2019
TIME:	4:00 p.m. to 6:05 p.m.

This paper consists of six questions.

Answer **Question 1** from Section A and **ANY THREE** questions from Section B.

Candidates are to write the question number and letter in the margin provided.

SECTION A

Compulsory question.

- Greggs plc is the UK's leading bakery retailer, specialising in sandwiches and savouries, with a particular focus on takeaway food and catering. John Gregg founded Greggs in Newcastle upon Tyne in the 1930s. Since 1964 the business has expanded from one shop with a small bakery at the rear into a major retailer with two brands; Greggs & Bakers Oven, with over 1,150 shops and 13 factories located across the UK.

The business has grown in two main ways. It has acquired other companies which now operate under the Greggs' brand. It has also invested heavily, spending around £8m on building two new bakeries in Birmingham and North London, each able to service 100 shops. In 1984, Greggs became a public company. This move helped to fund its continuing growth. In 1994, Greggs plc acquired the Bakers Oven business, and this operates as a premium brand within the Group.

In 1997 Greggs plc opened a new £10m Central Savouries production plant in Newcastle upon Tyne. It is one of the most modern of its kind in Europe. To complement this manufacturing plant, in April 2000 Greggs plc opened a new £2m Group Technical Centre. This is dedicated to meeting customer requirements by leading the research and product development that help provide customers with superior products that combine taste, satisfaction and value for money.

At Greggs plc, product development involves finding out what customers want in order to implement strategies that will meet these needs. It is also important to identify potential gaps in the market and to keep an eye on what competitors are doing.

Greggs plc, is keen on a key part of the total market research process. The activity involves carrying out taste tests. For producers of foods, properly conducted taste tests are an excellent way of gauging consumers' views in order to inform on-going product development. Researchers working for Greggs plc use taste tests to obtain detailed information about customer perceptions. They use a popular quantitative market research technique in which interviewers recruit random respondents on the street and invite them to take part in the research.

Of course, Greggs plc also uses a range of other market research techniques, such as surveys and interviewing, to discover the effect of other aspects of new developments such as the name of the product, its appearance, where it is sold, speed of service and convenience.

(Adapted from the case study: Greggs – consumer focused product development)

- (a) What is the process of identifying consumer requirements called? (1)
- (b) What type of research is a 'taste test': primary or secondary research? Explain why. (3)
- (c) Give **THREE** reasons why Greggs might have chosen taste tests as a method of marketing research. (3)
- (d) Mention **TWO** other research methods which Greggs could use in the future to conduct market research. (2)
- (e) Identify **TWO** ways how Greggs has grown over the years. (2)
- (f) From the above extract, does Greggs target a mass market or a niche market? Briefly explain the reasoning behind your answer. (3)
- (g) Distinguish between a retailer and a wholesaler. (2)
- (h) Identify **TWO** important Greggs' stakeholders. Explain why each of these two stakeholders has an interest in Greggs. (4)
- (i) Mention **THREE** methods of promotion that Greggs could use to market its new products on the market. (3)
- (j) What is the product life cycle? Name **FOUR** stages of the product life cycle. (5)
- (k) Distinguish between a market segment and a target market. (2)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer ANY THREE questions from this section.

2. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the answers on the booklet provided. (8)

retailer	producer	wholesaler	consumer
tertiary	intermediaries	trade	value

The chain of distribution for home _____ (a) _____ links the _____ (b) _____ with the _____ (c) _____ through two main _____ (d) _____: the _____ (e) _____ and the _____ (f) _____. Considering that these two merchants are adding _____ (g) _____ to the good being traded through their service, they are part of the _____ (h) _____ production.

- (b) Apply the concepts of mass marketing and niche marketing to **TWO** products of your choice that are found in Maltese markets. Give reasons for your choice. (4)
- (c) Mention **TWO** differences between the wholesaler and the retailer in the chain of distribution. (4)
- (d) Recommend, giving a reason, **TWO** obligations the retailer should ensure to consumers. (4)

(Total: 20 marks)

3. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the answers on the booklet provided. (8)

earnings	short-term	expenses	working
quick	profitability	ROCE	liquidity

Accounting ratios help us interpret the business performance. Two categories of accounting ratios are _____ (a) _____ ratios that assess a business’s ability to generate _____ (b) _____ relative to its associated _____ (c) _____, and _____ (d) _____ ratios that assess the business’s ability to pay back its _____ (e) _____ obligations. Profitability ratios include the _____ (f) _____ and Gross Profit Margin. Liquidity ratios include the _____ (g) _____ Capital ratio and the _____ (h) _____ assets ratio.

- (b) Distinguish between a job, a batch and mass production systems. In your answer, state **ONE** product for which that production system would be suitable. (6)
- (c) Stock control is an important function within any business. Define, in relation to their effect on the business, the following stock levels: the maximum level, the minimum level and the re-order level. (3)
- (d) Give **THREE** reasons for which a business should locate next to other businesses. (3)

(Total: 20 marks)

4. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the answers on the booklet provided. (8)

working	non-working	resource	population
dependency	clients	below	above

The number of persons in a country is an important factor for any business considering that they are a _____ (a) _____ and potential _____ (b) _____. Thus it is in the interest of the business to analyse the age distribution of _____ (c) _____. The age distribution is usually classified in three groups; those _____ (d) _____ school leaving age, those of _____ (e) _____ age, and those _____ (f) _____ retirement age. The proportion of the working population to the _____ (g) _____ population is called the _____ (h) _____ ratio.

- (b) State the term used for the following types of unemployment:
 - i. Unemployment located in a particular region.
 - ii. Unemployment resulting from business cycle changes.
 - iii. Unemployment resulting from an increase in technological use.
 - iv. Unemployment resulting from the phasing out of an industry. (4)
- (c) Analyse the list below and select the **THREE** features one would find in an employment contract: (Write your answer on the booklet provided.)
 - i. Rights and responsibilities of the management
 - ii. It is drawn up between an employer and a retailer
 - iii. Terms of employment
 - iv. Employee responsibilities
 - v. Employment procedures with trade unions
 - vi. Employee benefits (3)
- (d) Define ageing population and explain the effect it has on the goods produced by businesses and the human resource it employs. (5)

(Total: 20 marks)

Please turn the page.

5. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the answers on the booklet provided.

store	common	exchange	value
account	money	accepted	transactions

_____ (a) _____ facilitates the buying of goods and services. A very important function which money serves is that of a medium of _____ (b) _____ since it is widely _____ (c) _____ and thus makes _____ (d) _____ easier. Money also serves as a _____ (e) _____ of _____ (f) _____, which means that money holds its value over time. Lastly money serves as a unit of _____ (g) _____ hence providing a _____ (h) _____ measure of the value of goods and services being exchanged. (8)

- (b) Give **FOUR** ways through which the Office of Consumer Affairs helps the consumers. (4)
 (c) Establish the main difference in the roles of: the Malta Financial Services Authority (MFSA), the Planning Authority (PA), and the National Audit Office of Malta (NAO). (3)
 (d) Evaluate whether the government should continue influencing businesses to consider the external costs and benefits they create. (5)

(Total: 20 marks)

6. (a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase is to be used only once. Write the answers on the booklet provided. (7)

respect	ethics	culture	objectives
environment	stakeholders	honesty	

Business _____ (a) _____ examines ethical principles and problems that might arise in a business _____ (b) _____. Any individual making decisions within an organisation will be influenced by the _____ (c) _____ of the business. Thus the business should promote the principles of _____ (d) _____, integrity, loyalty and _____ (e) _____ among others. Such an approach will help different _____ (f) _____ work together to achieve the business's goals and _____ (g) _____.

- (b) Copy the following list and classify the following items into; oral communication, non-verbal communication, written communication, or non-communication. (5)

Items			
i.	A board meeting	vi.	A Work Contract
ii.	Appearance	vii.	Posture
iii.	Telephone conversation	viii.	Business Plan
iv.	Email	ix.	Electronic mail
v.	Eye contact	x.	Face-to-face conversation

- (c) What is the difference between a formal communication network and an informal communication network? In your answer, give an example of each network and state briefly why informal communication networks happen more easily compared to formal communication networks. (5)
 (d) Give **THREE** reasons why technological developments in communication are beneficial to a business. (3)

(Total: 20 marks)