



SUBJECT:	Business Studies
PAPER NUMBER:	I
DATE:	7 th September 2020
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 of the booklet provided.

1. (a) Name and explain **ONE** business objective. (3)
 (b) Give **THREE** examples of business activity, **ONE** example from **each** of the three categories. (3)
 (c) Briefly explain **ONE** difference between a market economy and a planned economy. (2)
 (d) Give **ONE** reason why the allocation of resources in economic activity is important. (2)
(Total: 10 marks)

2. (a) Define fair trade. (2)
 (b) List **FOUR** methods that the EU may use to protect its industry from competition from the USA. (4)
 (c) Distinguish between exports and imports. (2)
 (d) Explain **ONE** benefit that businesses in Malta enjoy as a result of Malta being an EU member state. (2)
(Total: 10 marks)

3. (a) List **FOUR** characteristics of partnerships. (4)
 (b) Mention **TWO** sources of finance that are available to a Limited Liability Company but not to a sole-trader. (2)
 (c) Distinguish between nationalisation and privatisation. (2)
 (d) Give **ONE** reason why an investor would opt to invest in a Limited Liability Company rather than opening a sole-trader business. (2)
(Total: 10 marks)

4. (a) Define production chain. (2)
 (b) Name **TWO** production systems and explain in which situation would **each** system be more suitable. (4)
 (c) Mention **TWO** factors that a business should consider when choosing the location of its business. (2)
 (d) When a business grows in size, it will be able to benefit from economies of scale. Explain **ONE** economy of scale that a business can benefit from. (2)
(Total: 10 marks)

5. (a) Name **TWO** ratios that would assist a business in analysing its profitability. (2)
 (b) The Statement of Financial Position (Balance Sheet) as at 31 December 2019 of XYZ Ltd showed the following information:

Inventory	€62,500
Total current assets (including inventory)	€250,000
Current liabilities	€125,000

From the figures above, calculate the company's:

- (i) Working capital ratio (Current ratio); (2)
 (ii) Quick assets ratio. (2)
 (c) Distinguish between profitability and liquidity. (2)
 (d) A business producing sunglasses is considering making use of breakeven analysis. Give **TWO** benefits of using breakeven analysis in the production and sales of sunglasses. (2)

(Total: 10 marks)

6. (a) How should one prepare oneself for an interview for a secretarial post? (2)
 (b) Explain any **TWO** stages of the recruitment process. (4)
 (c) Distinguish between on-the job and off-the job training. (2)
 (d) Mention **TWO** effects of unemployment. (2)

(Total: 10 marks)

7. (a) Name **TWO** methods of communication. (2)
 (b) Give **ONE** example for **each** of the following problems in communication:
 (i) emotional, (1)
 (ii) social, (1)
 (iii) language, (1)
 (iv) technical. (1)
 (c) Distinguish between formal and informal communication networks. (2)
 (d) Explain **ONE** consequence that can occur as a result of the use of ineffective communication. (2)

(Total: 10 marks)

8. (a) What is the role of the Malta Stock Exchange? (2)
 (b) Describe **TWO** ways how Jobsplus can help persons achieve their employment goals. (4)
 (c) A friend of yours, together with a few other investors, is considering opening a new limited liability company to operate in the tourism industry.
 (i) Where should she go in order to register the company? (1)
 (ii) Which authority regulates the industry sector in which the company will be operating? (1)
 (d) Give **TWO** ways how pressure groups can affect a business in the private sector. (2)

(Total: 10 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIA
DATE:	9 th September 2020
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 of the booklet provided.

SECTION A

Compulsory question.

1. The Maltese franchise companies operating three of the UK's leading high-street stores say that closures in Britain will not impact Malta. The franchisees for Debenhams (United Group of Companies), Mothercare (Camilleri Group of Companies) and Marks and Spencer (Alf. Mizzi & Sons Group) said that business would continue operating normally and there were no intentions to shut Maltese stores despite closures of UK branches.

The three UK retailers have reported plans in recent months to close several of their stores to save the companies after going into administration or to restructure in response to falling profits. Mothercare UK's 79 stores closed their doors for the final time last week while Debenhams UK will close 22 of its branches by the end of January. Mothercare had gone into administration last April while Debenhams UK had fallen into the same financial procedures in November. However, the Mothercare franchise in Malta will continue as international business will continue unaffected. There is no intention to reduce the number of stores or employees in Malta. Mothercare International currently operates 1,277 international franchises around the world, from China to Chile. The international franchises have bought all of the stock from Mothercare UK and will continue to be sold under the international business.

Debenham's UK is currently undergoing a restructuring process by rebalancing its current 180 stores. Debenhams has a very strong international franchise business and therefore the restructuring in the UK has no impact on Malta as store closures in the UK had no bearing on Debenhams' franchise business overseas. Marks & Spencer UK is also undergoing a restructuring phase but this process will not have an impact on international franchises because they are separate entities.

(Adapted from The Times of Malta: Debenhams, Mothercare, Marks and Spencer's franchises safe despite UK closures)

- (a) Define franchise. (2)
- (b) Give **ONE** example of a franchisor and **TWO** examples of a franchisee from the excerpt above. (3)
- (c) Distinguish between a franchisor and a franchisee. (2)
- (d) Give **ONE** benefit of having a franchise business. (1)
- (e) Marks and Spencer Group plc and Debenhams UK are major British multinational retailers. What is a multinational company? (2)
- (f) Mention **THREE** effects of having more multinationals operating in Malta. (3)
- (g) Is a franchise business always a multinational? Briefly explain your answer. (2)

Question continues on next page.

- (h) Give **ONE** reason why multinationals may be beneficial to a country. (1)
- (i) Mention **TWO** changes to show how the internet has changed the retail industry. (2)
- (j) Give **ONE** example of a situation when two business objectives are in conflict in a changing economic environment. (3)
- (k) What is the difference between voluntary and involuntary dismissal of employees? (2)
- (l) Suggest **ONE** reason why people resist change. (1)
- (m) What is meant by the term 'business ethics'? (2)
- (n) List **TWO** ways by which a business would be ethical towards its employees. (4)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer ANY THREE questions from this section.

2. (a) (i) Define an 'organisation chart'. (2)
- (ii) Draw **TWO** organisation charts, one showing a tall organisation and the other showing a flat organisation. (4)
- (b) Explain tall and flat management structures in terms of the chain of command and the span of control. (4)
- (c) Distinguish between centralisation and delegation. Give **THREE** differences. (6)
- (d) Give **TWO** reasons why worker participation in decision making leads to higher productivity at the place of work. (4)

(Total: 20 marks)

3. (a) Define the following marketing strategies, giving **ONE** example of a product that would be targeted by **each**:
- (i) mass marketing; (3)
- (ii) niche marketing. (3)
- (b) Promotion is an important aspect of the marketing mix. Define promotion and give **TWO** examples of how Maltese wines can be promoted to the foreign market. (4)
- (c) Compare the stages of the product life-cycle of introduction, growth, maturity, saturation and decline in terms of sales, profit and competition. (6)
- (d) Businesses have various options as to how to transport their goods from one place/country to another. Give **ONE** advantage and **ONE** disadvantage of air transport of goods. (4)

(Total: 20 marks)

4. (a) List **TWO** functions of money and briefly describe **ONE** of the functions mentioned. (4)
- (b) Name any **TWO** users of financial information. For each user, explain why they require this information. (6)
- (c) Distinguish between internal and external sources of finance in the private sector, giving **ONE** example of each source. (4)
- (d) Evaluate why an extension to the existing building of a factory is a capital expenditure and not a revenue expenditure. (6)

(Total: 20 marks)

5. (a) What is meant by:
- (i) a democratic leadership style? (2)
 - (ii) an autocratic leadership style? (2)
- (b) (i) Give **TWO** examples of Herzberg's hygiene factors of motivation. (2)
- (ii) Give **TWO** examples of what Maslow calls esteem needs. (2)
- (iii) According to McGregor's Theory X and Theory Y, when is a manager more likely to use an authoritarian style of management? (2)
- (c) What is the difference between the process of arbitration and the process of conciliation in resolving disputes? (6)
- (d) Recently we have seen various industrial actions being proposed by the health, transport (pilots) and education sectors. What ethical issues should Trade Unions consider before carrying out industrial action? (4)

(Total: 20 marks)

6. (a) Describe the **THREE** steps in quality control. (6)
- (b) Explain the role of government in encouraging businesses to adopt eco-friendly technologies such as solar panels. In your answer, give **ONE** example of how government fulfils this role. (4)
- (c) What is the relationship between government's influence on location decisions and each of the following:
- (i) the Planning Authority (previously known as MEPA)? (2)
 - (ii) Malta Enterprise? (2)
- (d) Give **TWO** disadvantages of overstocking and **ONE** disadvantage of understocking. (6)

(Total: 20 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIB
DATE:	9 th September 2020
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 of the booklet provided.

SECTION A

Compulsory question.

1. The Maltese franchise companies operating three of the UK's leading high-street stores say that closures in Britain will not impact Malta. The franchisees for Debenhams (United Group of Companies), Mothercare (Camilleri Group of Companies) and Marks and Spencer (Alf. Mizzi & Sons Group) said that business would continue operating normally and there were no intentions to shut Maltese stores despite closures of UK branches.

The three UK retailers have reported plans in recent months to close several of their stores to save the companies after going into administration or to restructure in response to falling profits. However, the Mothercare franchise in Malta will continue as international business will continue unaffected. There is no intention to reduce the number of stores or employees in Malta. Mothercare International currently operates 1,277 international franchises around the world, from China to Chile.

Debenhams has a very strong international franchise business and therefore the restructuring in the UK has no impact on Malta. Marks & Spencer UK are also undergoing a restructuring phase but this process will not have an impact on international franchises because they are separate entities.

(Adapted from The Times of Malta: Debenhams, Mothercare, Marks and Spencer's franchises safe despite UK closures)

- (a) Define franchise. (4)
- (b) Give **ONE** example of a franchisor and **TWO** examples of a franchisee from the excerpt above. (3)
- (c) Distinguish between a franchisor and a franchisee. (2)
- (d) Give **ONE** benefit of having a franchise business. (1)
- (e) Marks and Spencer Group plc and Debenhams UK are major British multinational retailers. What is a multinational company? (4)
- (f) Mention **THREE** effects of having more multinationals operating in Malta. (3)
- (g) Is a franchise business always a multinational? Briefly explain your answer. (2)
- (h) Give **ONE** reason why multinationals may be beneficial to a country. (1)
- (i) Mention **TWO** changes to show how the internet has changed the retail industry. (4)
- (j) Give **ONE** example of a situation when two business objectives are in conflict in a changing economic environment. (3)
- (k) What is the difference between voluntary and involuntary dismissal of employees? (2)
- (l) Suggest **ONE** reason why people resist change. (1)

(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)

authority	decisions	diagram	responsibility
command	delegate	internal	subordinates

An organisation chart is a _____ (a) _____ that shows the _____ (b) _____ structure of a business. The idea is to give an understanding of how a business is organised into different departments. It also shows the different levels of _____ (c) _____ within an organisation. A line manager is an employee's immediate boss who gives instructions and advice and answers questions. The chain of _____ (d) _____ shows the way in which orders, decisions and communication are passed up and down the organisation, from one level to the next. This leads us to the general idea that the higher the position of an employee in a business, the more _____ (e) _____ the employee will have. Authority is the right that an employee has to take _____ (f) _____. However, we have seen cases where managers _____ (g) _____ their authority to their _____ (h) _____.

- (b) Explain tall and flat management structures in terms of the chain of command and the span of control. (4)
- (c) Distinguish between centralisation and delegation. Give **TWO** differences. (4)
- (d) Give **TWO** reasons why worker participation in decision making leads to higher productivity at the place of work. (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)

advertising	market	price	promotion
consumers	persuade	primary	secondary

Marketing, deals with the study of the _____ (a) _____, which is basically made up of two players; businesses and _____ (b) _____. The original marketing mix is made up of four elements, product, _____ (c) _____, place and _____ (d) _____. The idea of promotion is for businesses to inform consumers of their products, and thus, to _____ (e) _____ consumers to buy the products. _____ (f) _____ is a specific example of brand promotion. Market research can take two forms; either _____ (g) _____ or _____ (h) _____ research.

- (b) Promotion is an important aspect of the marketing mix. Define promotion and give **TWO** examples of how Maltese wines can be promoted to the foreign market. (4)
- (c) Compare the stages of the product life-cycle of introduction, growth, maturity, saturation and decline in terms of sales and profit. (4)
- (d) Businesses have various options as to how to transport their goods from one place/country to another. Give **ONE** advantage and **ONE** disadvantage of air transport of goods. (4)

(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)

accounts	commercial	indivisibility	services
bartering	exchange	loans	wants

Before the use of money, consumers and businesses used to resort to _____ (a) _____, that is, the trading of goods and services with other goods and services. Many problems were faced with this system, including the double coincidence of _____ (b) _____, since all parties involved had to accept what was being traded, and the _____ (c) _____ of products. Money facilitated the _____ (d) _____ process, and this brought about the need for having sound banking systems. Every country has a number of _____ (e) _____ banks and also a central bank. Banks offer different _____ (f) _____ to both consumers and businesses, such as, safe keeping of money in different types of _____ (g) _____, _____ (h) _____ and other investment opportunities.

- (b) Name any **ONE** user of financial information and explain why this user would require this information. (4)
- (c) What is the difference between internal and external sources of finance in the private sector, giving **ONE** example of each source? (4)
- (d) Evaluate why an extension to the existing building of a factory is a capital expenditure and not a revenue expenditure. (4)

(Total: 20 marks)

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. (8)

behaviour	Herzberg	psychological	selection
dissatisfaction	motivated	resources	theories

The human _____ (a) _____ department is entrusted with the recruitment, _____ (b) _____ and appointment of new staff. It is important that employees are _____ (c) _____ to work. There are a number of ways for people to be motivated and we also have three main _____ (d) _____ that help us understand what motivates workers. Maslow focuses on the _____ (e) _____ needs of employees. _____ (f) _____ states that there are certain factors that cause job satisfaction and other factors that cause job _____ (g) _____. Mc Gregor developed two theories of human _____ (h) _____ at work.

- (b) (i) Give **TWO** examples of Herzberg 's hygiene factors of motivation. (2)
- (ii) Give **TWO** examples of what Maslow calls esteem needs. (2)
- (c) What is the difference between the process of arbitration and the process of conciliation in resolving disputes? (4)
- (d) Recently we have seen various industrial actions being proposed by the health, transport (pilots) and education sectors. What ethical issues should Trade Unions consider before carrying out industrial action? (4)

(Total: 20 marks)

Please turn the page.

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. (8)

delivery	prices	quality	reliable
overstocking	purchasing	raw materials	re-order

The _____ (a) _____ department is one of the main functions of a business organisation. This department buys _____ (b) _____ and other assets that the organisation needs. Choosing the right suppliers is an important role of this department, and this choice is not only based on the _____ (c) _____ charged by suppliers, but also on the _____ (d) _____ of the products, the speed of _____ (e) _____, together with how _____ (f) _____ suppliers are. Stock of different items may be held by a business for later use. The challenge faced by businesses is to hold the right amount of stock. Efficient stock control should avoid both understocking and _____ (g) _____. The _____ (h) _____ level is the point at which the purchasing department processes new orders.

- (b) Explain the role of government in encouraging businesses to adopt eco-friendly technologies such as solar panels. In your answer, give **ONE** example of how government fulfils this role. (4)
- (c) What is the relationship between government’s influence on location decisions and each of the following:
- (i) the Planning Authority (previously known as MEPA)? (2)
 - (ii) Malta Enterprise? (2)
- (d) Give **ONE** disadvantage of overstocking and **ONE** disadvantage of understocking. (4)

(Total: 20 marks)