

**JUNIOR LYCEUM ANNUAL EXAMINATIONS 2004**  
Educational Assessment Unit – Education Division

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**FORM 4**

**BUSINESS STUDIES**

**TIME: 1hr 30min**

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Name: \_\_\_\_\_

Class: \_\_\_\_\_

**SECTION A: ANSWER ALL QUESTIONS**

**Put the letter corresponding to the right answer in the box provided at the end of each question.**

1. **Nationalisation** is the transfer of business from:

- a. the public to the private sector.
- b. the secondary to the tertiary sector.
- c. the private to the public sector.

2. The **communication process** of an organisation is **not** always successful due to:

- a. emotional, language and geographical reasons.
- b. social, technical and argumentative reasons.
- c. language, social and verbal reasons.

3. Being a “**medium of exchange**”, money overcame the disadvantage of:

- a. the divisibility problem in bartering.
- b. double coincidence of wants in bartering.
- c. a means of deferred payment in bartering.

4. A Marsaxlokk fishmonger decides to **amalgamate** his business with that of a Wied iz-Zurrieq fishmonger. This is a form of:

- a. vertical integration.
- b. horizontal integration.
- c. lateral integration.

5. Organising work according to “**division of labour**” principles, renders production:

- a. less automated and more feasible.
- b. very much similar to unit production.
- c. at less cost per unit.

6. It would be advantageous to **decentralise authority** so that:
- a. the grapevine effect decreases.
  - b. responsibility is shared.
  - c. one's span of control increases.

☐

7. Sending newly-recruited staff for **training at the ETC** is considered as:
- a. on the job training.
  - b. internal training.
  - c. external training.

☐

8. **Monetary Policy** is concerned with:
- a. taxes and government spending.
  - b. changes in interest rate.
  - c. increasing purchasing power.

☐

9. Using **Information Technology** has become viable even for small businesses, for reasons of:
- a. survival and competition.
  - b. economies of scale.
  - c. mergers and take-overs.

☐

10. A **Customs Union** is achieved when the trading bloc members have free trade between themselves and:
- a. common external tariffs.
  - b. common economic policy.
  - c. free movement of labour and capital.

☐

*(20 marks)*

## SECTION B: ANSWER ALL THE QUESTIONS IN THIS SECTION

### Case Study 1

Analyse the following and then answer the questions laid down thereafter.

*Your family is engaged in the wholesale business and sells household goods. Part of the profit earned by the family business is kept in the form of “retained earnings”. In a recent family meeting, discussions were conducted in order to decide how to invest some of the profit. Two members agreed that some profit should be used to buy shares or debentures of larger companies. Others disagreed and wanted to invest this money in buying capital from “real estate” agencies. One of your brothers insisted that the profit should be invested in a fixed deposit account. As one of the owners of this business, you considered every possibility with its advantages and disadvantages.*

- a. What is meant by “wholesale business”? (2 marks)
- b. Explain the term “retained earnings” and furthermore quote another phrase which has the same meaning. (4 marks)
- c. Describe the options quoted in the above text, that is:
  - shares;
  - debentures;
  - capital from real estate agencies;
  - fixed deposit accounts. (8 marks)
- d. Choose one of the above possibilities that you would opt for, giving reasons why your decision is considered the right one. At the same time, highlight one disadvantage associated with **each** of the options you have not chosen. (6 marks)

### Case Study 2

First read this extract and then answer the questions that follow.

*Two friends who have become unemployed through redundancy, have decided to join forces and become entrepreneurs. Actually, they agreed to start up a business of their own by investing their savings in the opening of a new confectionery. Their next step was to decide where to locate their business premises.*

- a. What type of business organisation are they likely to set up? (2 marks)
- b. In which sector of the economy will they be operating? (2 marks)
- c. What do you understand by the term “redundancy”? (2 marks)
- d. If you were one of the relatives in question, give details on where you would locate this particular business, giving reasons for your proposals. (4 marks)

e. Pretend you are a Business Studies teacher preparing a chart for the students. In the space provided below, design a diagram on “Location of Business” – indicating five factors that would influence such a decision. For every one of these five factors, you should quote an example of a typical business related to that factor. What follows is a list of examples to be used in the diagram:

- an export-oriented firm;
- a business requiring heavy and bulky raw materials;
- a labour-intensive firm;
- a factory which tends to cause air and noise pollution; and
- an indoor swimming pool and sports’ activity complex requiring a large span of land.

*(10 marks)*

### Case Study 3

Read what follows and then answer the related questions beneath it.

*In an article on Trade Unions, it was stated that throughout time, there have been a number of changes as far as membership and power of Trade Unions are concerned. For instance, it was declared that nowadays more white-collar than blue-collar trade unionists exist. Furthermore, the author of the article maintained that Trade Unions are no longer focusing solely on wages/salaries in collective bargaining, but that they are widening their interests in such fields as “health & safety” and “worker-participation”.*

- a. From the point of view of (i) a worker and (ii) an employer, say why you opt in favour of membership in trade unions. Start your answers as follows:
  - (i) As a worker I would become a member of a trade union in order to .....
  - (ii) As an employer I would prefer to have my employees represented by a trade union so that ....  
(4 marks)
- b. In the article referred to above, reference is made to the increase in “white-collar” trade unionists, as opposed to “blue-collar” trade unionists. Say why this may be so, indicating in your answer what you understand by “white-collar” and “blue-collar” workers.  
(4 marks)
- c. Define the term “collective bargaining”, specifying clearly what it entails and why it is necessary.  
(4 marks)
- d. Explain with examples, if necessary, what falls in the fields of (i) “health & safety” and (ii) “worker-participation”.  
(4 marks)
- e. Do you agree that the aspects of “health & safety” and “worker-participation” are gaining importance nowadays? Give reasons for your answer.  
(4 marks)

### SECTION C: CHOOSE ONE (1) OF THE FOLLOWING TOPICS AND ANSWER THE RELATED QUESTIONS ON THE FOOLSCAPS PROVIDED

#### A. A business operating under a Franchise Agreement is more likely to be successful.

- a. What is “franchising” or a “franchise agreement”?  
(2 marks)
- b. Mention two businesses in Malta operating under a franchise agreement.  
(2 marks)
- c. In a franchise agreement, there is a “franchisee” and a “franchiser”. Explain both terms.  
(4 marks)
- d. “Royalty Payments” are associated with franchise agreements. State what these type of payments are.  
(2 marks)
- e. Describe why you consider that “a business operating under a franchise agreement is more likely to be successful”.  
(6 marks)
- f. What possible disadvantages can exist in this form of business trading?  
(4 marks)

OR

**B. Business activity has to be controlled but should also be aided.**

- a. Why should businesses be controlled? (2 marks)
- b. Controls can be provided by government through: consumer law, employment law, competition law and environmental law. Say something about each of these aspects. (8 marks)
- c. Controls can also be made by non-government organisations/groups. Explain. (4 marks)
- d. At the same time, business organisations need different forms of aids in order to survive and succeed. List two government and two non-government aids that businesses may seek and state why such aids are necessary. (6 marks)

**OR**

**C. For a business to succeed it has to have good communication flows, both internally and externally.**

- a. With whom and why should there be good internal communication? (4 marks)
  - b. Describe methods of internal communication that can exist within a business. (8 marks)
  - c. Firms also need to communicate externally. With whom and why do they communicate externally? (4 marks)
  - d. Describe methods used for external communication. (4 marks)
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