

**JUNIOR LYCEUM ANNUAL EXAMINATIONS 2008**  
**DIRECTORATE FOR QUALITY AND STANDARDS IN EDUCATION**  
Educational Assessment Unit

**FORM 4**

**BUSINESS STUDIES**

**TIME: 1h 30min**

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.**

**Each question carries 2 marks, giving a total of 20 marks for the whole Section.**

1. **Money** can:

- (a) never lose its value over time but it remains always the same
- (b) be any commodity accepted as a medium of exchange
- (c) always remain a form of legal tender without ever changing

2. The tendency for business or workers to **concentrate on one type of activity** is known as:

- (a) industrialisation
- (b) production
- (c) specialisation

3. Factors affecting the **location of a business** include:

- (a) proximity to market, nearness to raw materials and labour availability
- (b) transport costs, nearness to other firms and take-overs
- (c) regional grants, diseconomies of scale and the cost of the land

4. A feature of a **franchise agreement** is that the:

- (a) franchisor can copy the brand name of the business
- (b) franchisor has to pay royalty payments
- (c) franchisee runs his business with less risk

5. In a **centralised organisation** there is:

- (a) a very small degree of delegation of authority
- (b) the tendency of greater leakage of information
- (c) a laissez faire style of leadership

6. If you were to **advertise a change** in the way that people fill up their income tax returns, the advert would be rather:

- (a) persuasive
- (b) informative
- (c) full of hidden persuaders

7. **Debentures:**

- (a) cannot be transferred from one person to another
- (b) usually carry a variable rate of interest
- (c) is a form of borrowing

8. It is **advisable** to be a **Trade Union member** because:

- (a) your conditions of work are negotiated and safeguarded
- (b) you will be able to strike as soon as you feel discriminated
- (c) a subscription rate will be deducted from your pay

9. The main **influences affecting a manager in his choice of means of communication** are:

- (a) urgency, cost and whether a written record is necessary
- (b) who is being communicated with, cost, emotions
- (c) visual, urgency and confidentiality of the message

10. An **advantage of living in a free market economy** when compared to a centrally-planned economy is that:

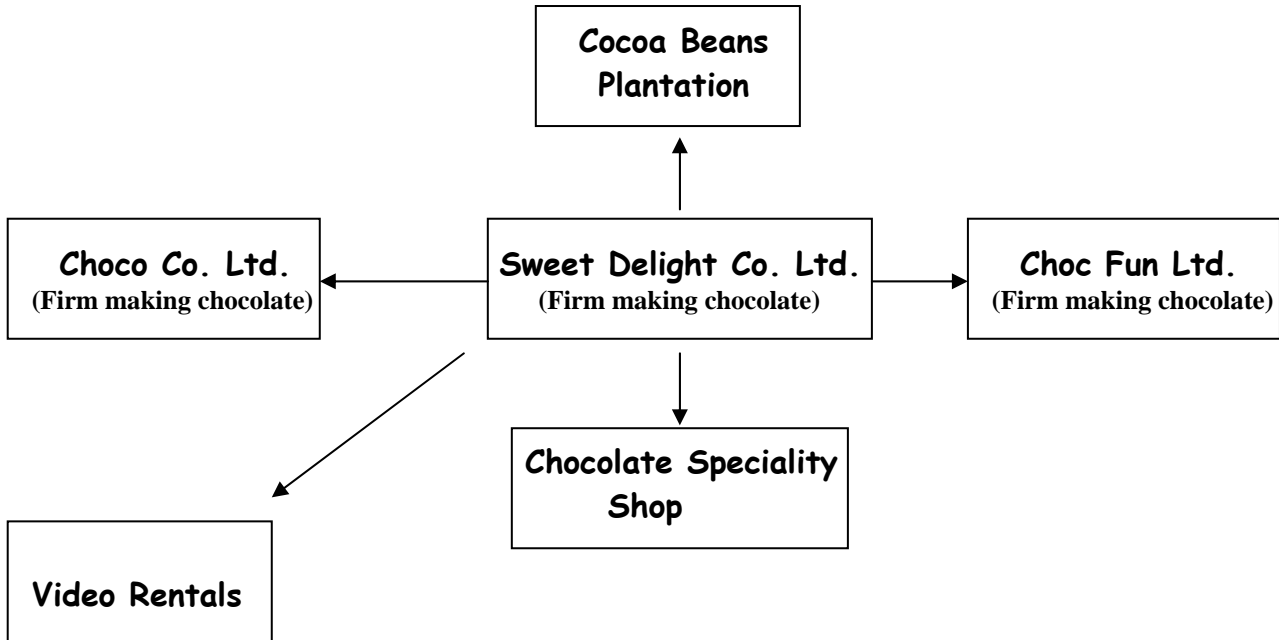
- (a) prices are controlled by government
- (b) buyers and sellers make decisions and affect prices
- (c) the state makes controls on what and how to produce

**SECTION B: ANSWER ALL THE QUESTIONS IN THIS SECTION.**

**ALL QUESTIONS ARE TO BE ANSWERED ON THE FOOLSCAPS PROVIDED.**  
**This Section carries a total of 60 marks.**

- **Case Study 1**

**Examine the following diagram and then answer the questions relating to it.**



a. “Sweet Delight Co. Ltd.”, is a firm that manufactures chocolate and in the last years, it was decided that this firm expands its business by integrating with other firms. The above diagram demonstrates the directions of this growth. From the above, fill in the table below by including an **example** of the indicated types of integration **and** below each example, write an **advantage** of that type of growth.

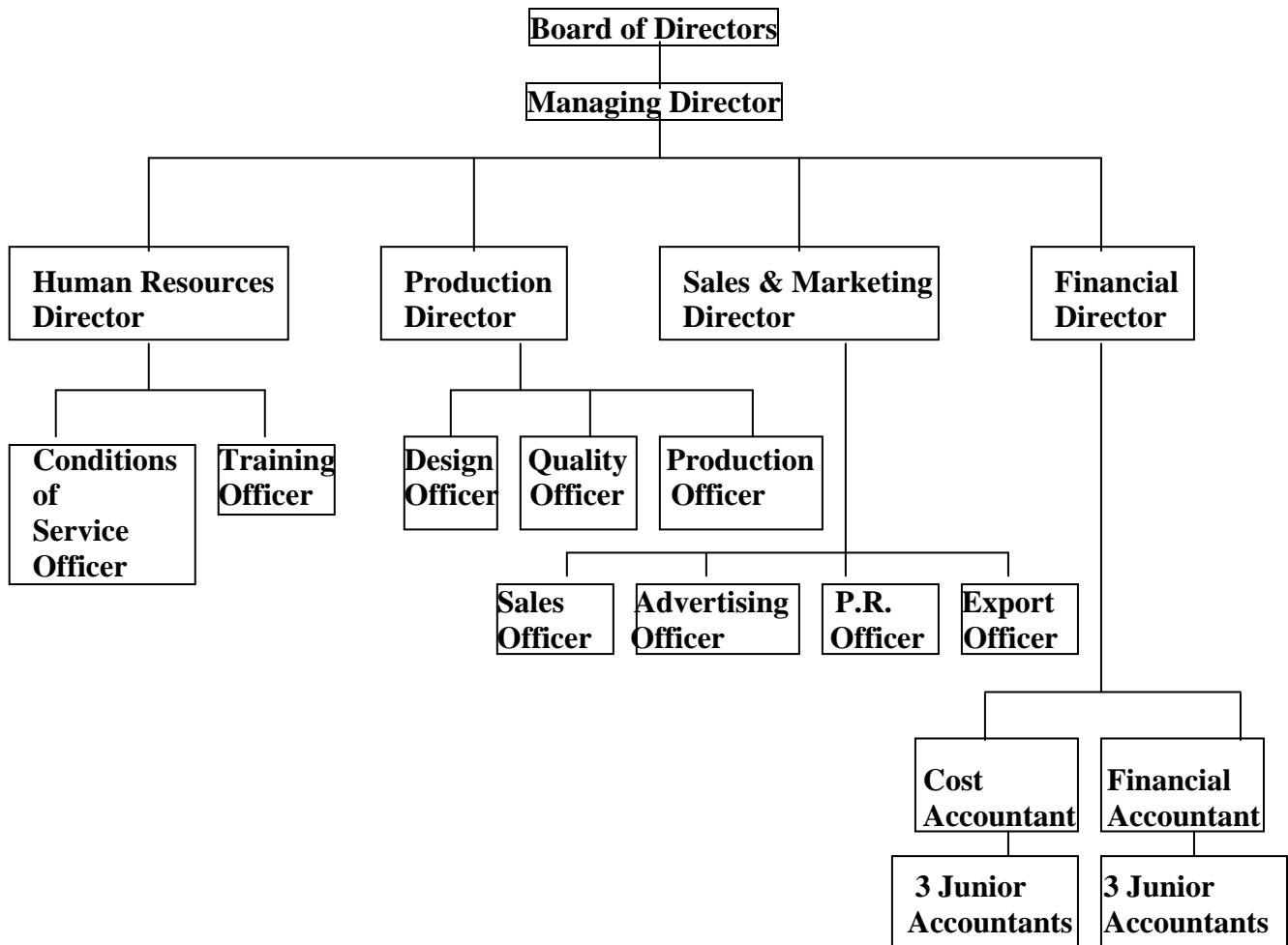
	<b>Backward Vertical Integration</b>	<b>Horizontal Integration</b>	<b>Forward Vertical Integration</b>	<b>Conglomerate</b>
<b>EXAMPLE</b>	Sweet Delight Co. Ltd. with:	Sweet Delight Co. Ltd. with:	Sweet Delight Co. Ltd. with:	Sweet Delight Co. Ltd. with:
<b>ADVANTAGE</b>				

(8 marks)

- b. Instead of growing externally, a firm may **grow internally** without joining other firms. **Describe** how this may happen. (2 marks)
- c. Growth is an objective of a business. **Describe three (3) other business objectives.** (6 marks)
- d. Though firms try to grow, we still find successful **small** firms. Indicate **two (2) reasons** why **small firms continue to exist and survive.** (4 marks)

• **Case Study 2**

The **Organisation Chart** printed below shows the internal structure of a particular firm. Study this Chart and then answer the questions that follow hereunder.



- a. Why is the **Organisation Chart important** for the workers of this firm? (2 marks)
- b. What is the **span of control** of the **Financial Accountant**? (2 marks)
- c. Who are the **subordinates** of the **Sales & Marketing Director**? (2 marks)
- d. Describe the **chain of command** from the Board of Directors to the Training Officer. (2 marks)
- e. The **Production Officer** is responsible for **2 Supervisors**, who are **each**, in turn, **responsible for 10 Assembly line Workers**. Add this information on the Organisation Chart provided, by making use of the space available above. (4 marks)
- f. The Managing Director of the firm is described as an **authoritarian** type of Director. Explain **what this means** and **give your views on how such an attitude might hinder the smooth-running of the affairs in the firm.** (6 marks)
- g. If you were the HR Director and you wanted to give some **written instructions** to the Officers under your control, **which internal means of communication** would you opt for and **why?** (2 marks)

- Case Study 3

Read the extract presented below and then answer the related questions.

The first problem is to identify the type and size of the market. The exporter needs to know the pattern of existing consumer expenditure in those countries under consideration, the trends of economic development, and the changes in expenditure these are likely to bring. Having estimated the probable size of the market, he needs to consider the competition not only from existing local suppliers but also from other foreign manufacturers, and the extent to which they are likely to wish to promote sales.

If he decides that the potential market is worth the risks involved, the exporter must consider the special marketing techniques that have to be adapted or avoided in the overseas countries.

T.A.C. Shafto



- Decide on which **particular topic studied in Business Studies**, the above extract talks and thus, **suggest a title** for this extract. (2 marks)
- Why** does the exporter need “**to know the pattern of existing consumer expenditure**”? (4 marks)
- How can the **exporters get the information** they need? (2 marks)
- In the last paragraph it is stated that the exporter “must consider the special marketing techniques that have to be adapted or avoided in the overseas countries.” These techniques may be related to **advertising and packaging**. With reference to these two aspects, describe with examples if possible, what **adaptation could have to be made by the exporter**. (6 marks)
- Exporters may face many difficulties but with the recent introduction of the “**euro**” some of these difficulties may be decreased. Describe **two (2) positive effects** of the **adoption of this currency** for the exporter. (4 marks)
- The exporter might also have to face **import control regulations** that the country receiving his goods might impose. List **two (2)** different types of import controls that could exist. (2 marks)

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

**Each topic carries a total of 20 marks.**

**1. The Stock Exchange is of great importance because an investor wants above all to rest his mind.**

- a. What is the Stock Exchange? (2 marks)
- b. Name three (3) types of securities that it deals with. (3 marks)
- c. Why is it of great importance for the investor? (2 marks)
- d. Listed firms also benefit from the Stock Exchange. Explain what is meant by “listed firms” and why the Stock Exchange is important for them. (6 marks)
- e. State two (2) other advantages of the Stock Exchange. (4 marks)
- f. Say something about the Malta Stock Exchange. (3 marks)

**OR**

**2. Several aids are available for the businessman but controls also exist to limit activities of the business.**

- a. What do you understand by the terms “aids” and “controls”? (2 marks)
- b. Choose three (3) aids and describe them in some detail, saying how they help business. (9 marks)
- c. Choose three (3) type of laws you have studied and describe them in some detail. (9 marks)

**OR**

**3. Personnel for businesses are perhaps the most essential factor of production. Businesses have to deal with the recruitment of workers and also with their termination from work.**

- a. Why are workers an essential factor in business? (2 marks)
- b. Describe in brief how workers are recruited in a business and which department in a firm usually deals with such work. (8 marks)
- c. Define the following terms relating to ending employment: resignation, dismissal, redundancy and retirement. (8 marks)
- d. Explain how a high labour turnover may reflect badly on the firm concerned. (2 marks)