

# KULLEGG SAN BENEDITTU Secondary School, Kirkop

Mark

## HALF YEARLY EXAMINATION – 2015/2016

One Graded Paper

|        |                  |                |
|--------|------------------|----------------|
| FORM 4 | BUSINESS STUDIES | TIME: 1h 30min |
|--------|------------------|----------------|

| Section        | A  | B  | C  | D1 | D2 | E  | TOTAL |
|----------------|----|----|----|----|----|----|-------|
| Marks          | 10 | 20 | 10 | 20 | 20 | 20 | 100   |
| Student's Mark |    |    |    |    |    |    |       |

DO NOT WRITE ABOVE THIS LINE

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

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

### Section A (10 marks)

Fill in the blanks with the appropriate words or terms from the list below.

Each word can only be used once.

|                       |                 |                     |             |                      |
|-----------------------|-----------------|---------------------|-------------|----------------------|
| factors of production | profit          | chain of production | business    | stages of production |
| production            | national health | scale of preference | basic needs | choices              |

1. The goods you possess, whether for immediate consumption such as food, or to give you satisfaction over a longer period such as a play-station, will have been produced by a \_\_\_\_\_.
2. Business Activity also includes services provided by the Government such as the \_\_\_\_\_ services.
3. Much of the activity that most businesses are engaged in is aimed at satisfying \_\_\_\_\_.
4. Human wants are almost without limit but the resources to satisfy these wants are scarce. Because of the problem of scarcity, \_\_\_\_\_ have to be made.

5. As we cannot have all we want, we have to make a choice from our \_\_\_\_\_. If we choose to have one thing, we cannot have another.
6. \_\_\_\_\_ refers to the creation of goods and services.
7. The resources required to produce goods and services can be classified into four. Collectively they are called the \_\_\_\_\_.
8. For production to take place, it needs to pass through \_\_\_\_\_.
9. The \_\_\_\_\_ shows that businesses and their customers are highly interdependent.
10. Any organization, large or small, which provides goods or services, is a business of some sort. The reasons for business activity vary. Most businesses exist to make a \_\_\_\_\_ but some aim to provide goods or services for Religious, Political or Social reasons.

### Section B (20 marks)

**In the empty column provided write down the most appropriate term related to the statement in the first column. An example is given**

|   |                     |
|---|---------------------|
| A form of business organization where a business is owned by its workers (staff) OR by its clients (customers). Thus, the people who work in the business OR those who buy their goods/services are the owners (shareholders) of the business.  | <b>CO-OPERATIVE</b> |
| A problem each one of us faces is not being able to have everything we want since we have limited income. This forces us to make choices. When a choice is made there is a sacrifice.   |                     |
| Early man led a simple way of life. He would provide all of his needs himself without the aid of others. Man was just providing only his basic needs to live that is, providing just sufficient to survive without improving his way of life.   |                     |
| As time passed, man began to farm in very basic way, keeping animals and planting seeds. This enabled him to settle in one place, build a permanent home and starting improving his way of life. One of the improvements was that he found he was producing more goods than he needed and began to exchange his surplus goods with the surplus of others. |                     |

|  |  |
|--|--|
| <p>The difficulties of the barter system led early man to the use of generally accepted items which everyone was willing to take in exchange for their goods. Gradually, money was developed. The use of money solves all the four drawbacks of bartering. The use of money allowed early man to sell his surplus of goods in exchange for money and then use the money earned to buy his needs from the surplus of others.</p>        |  |
| <p>In modern societies people co-operate with many others to indirectly produce the needs of everyone. Work is divided among several people, allowing them each to concentrate and focus on doing what they do best.</p>   |  |
| <p>There is no government interference in the workings of the economy. The price mechanism is its main feature. Prices of goods and services being determined by the demand made by the consumers and by the willingness of producers to supply these goods and services.</p>  |  |
| <p>An economic system which relies exclusively on the state. The government will decide what is made, how it is made, where it is made, how much is made and how distribution takes place.</p>   |  |
| <p>An economic system which allows a level of private economic freedom in the use of capital, but also allows for governments to interfere in economic activities in order to achieve social aims</p>  |  |
| <p>While each organizational department performs completely separate roles, it is extremely important that they communicate with each other. Though departments (or sections) may not directly depend on each other in their day-to-day transactions, each does contribute individual pieces to the same overall puzzle!</p>   |  |
| <p>Firms will often use diagrams to show how they are organised, to demonstrate how each part of the firm is connected to the other parts and how an organisation is split up into various parts. Different businesses have different types of organizational structure which vary according to their size. For example, a large manufacturing firm may well have a very different structure from that of a chain of supermarkets.</p> |  |

## Section C (10 marks)

Underline the correct answer:

1. **Business Activity** involves:
  - (a) offering services to citizens, tax for the state and profit for businessmen
  - (b) the providing of goods and services to satisfy peoples' needs and wants
  - (c) supplying goods, creates employment but generate pollution
2. A **job description** includes:
  - (a) qualifications, experience, specialist skills
  - (b) job title, purpose of the job, duties and responsibilities
  - (c) details of pay, training opportunities and potential for promotion
3. A **market niche** is:
  - (a) a smaller, often very specialist, part of a market segment
  - (b) a gap in the market, identified by a business when developing a new product
  - (c) a position in a street market for which the stall holder has to pay higher rent
4. **Primary data** used in market research include
  - (a) information which already exists, such as government statistics
  - (b) information which has been gathered from a new source, for example, by asking people for their opinions.
  - (c) information downloaded from a PC
5. Which type of unemployment occurs as a result of **changing jobs**?
  - (a) frictional unemployment
  - (b) structural unemployment
  - (c) cyclical unemployment
6. Chose the group which forms part of the **public sector of the Maltese economy**:
  - (a) Enemalta Corporation, The Health Department and Local Councils
  - (b) The Education Department, the Police Corp and Bank of Valletta
  - (c) The Malta Freeport, The Water Services Corporation and Hilton Hotel
7. Another name for **labour** as one of the four factors of production is:
  - (a) Natural resources
  - (b) Man made resources
  - (c) Human resources
8. **Direct Services** include:
  - (a) police officer, office cleaners , factory workers
  - (b) deliverymenman, salesman, handyman
  - (c) teachers, doctors, hairdressers
9. **Delegation means**
  - (a) refusing responsibility for a particular task
  - (b) passing responsibility to someone else in a lower rank
  - (c) passing responsibility to someone else in a higher rank
10. **Minutes of meeting** are
  - (a) items that are going to be discussed during the next meeting
  - (b) written communication sent out in advance of a meeting
  - (c) a record of what had been discussed and decided at a previous meeting

## SECTION D

ANSWER **BOTH** QUESTIONS IN THIS SECTION. Each question carries 20 marks

**ALL QUESTIONS ARE TO BE ANSWERED ON THE FOOLSCAPS PROVIDED**

*Remember to write down your name and class on each foolscap.*

*You are also required to write down the section AND the number of each question besides your answer. Do NOT copy the questions given.*

### CASE STUDY 1 (20 marks)

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



*“Geormani Ltd” is a private limited company owned by George and Nina who had been in business well before they got married nearly 50 years ago! Their business is in the catering industry, producing a variety of local biscuits which they sell to various outlets around Malta.*

1. Production is about transforming raw materials into a finished product or service. There are three approaches the firm can take to production. Explain these three types of production by giving suitable examples to clarify your answer. (6)

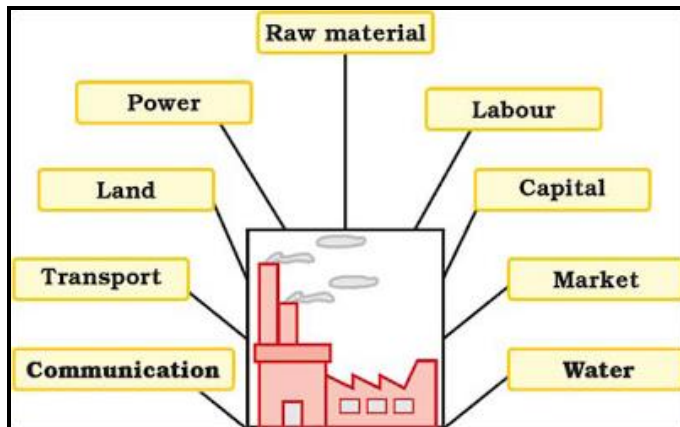
- (i) Unit (or Job) Production
- (ii) Mass (or Flow) Production
- (iii) Batch Production

*George and Nina are aware of the importance of meeting their customer’s needs and wants by providing them with a product that meets the standards expected by the customers. Thus, an important aspect of production is the need to maintain **quality**.*

2. Explain the following terms: (4)
- (i) Quality Control
  - (ii) Quality Assurance

The directors of "Geormani Ltd" recently where told that they have to move their factory from its present location due to a major project that the Government is to undertake in the area. They will be relocated into another area specifically designed for their type of business. Aware of the disturbance that business will endure due this reallocation, the government is promising its assistance and aid.

3. Give a brief definition of the terms below: (2)
- Footloose Industries
  - Industrial Inertia



4. Explain and describe any two factors that need to be considered by any business regarding the location of the business (ie; location of industry). (4)
5. Write down two methods of assistance that can be provided by the Government to Industries. (2)
6. One of the departments which need to work hand in hand with the Production Department is the Purchasing Department. Briefly explain why this is so. (2)

## SECTION D

### CASE STUDY 2 (20 marks)

Read the following passage and then answers the questions that follow.

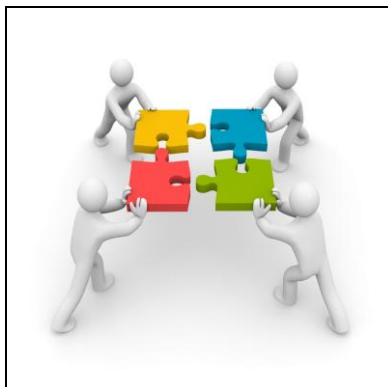


*Any Entrepreneur starting up a business has a number of goals that he or she wants to achieve. These are called objectives. Over time, the objectives of the business can change as the business grows or face difficulties.*

1. List two main objectives of any type of business. (2)
2. There are other objectives of the business, can you list another two? (2)
3. Growth is extremely important if the business desires to secure its long-term survival and constant profit maximization!  
Write down three reasons WHY firms grow. (6)



4. Firms can grow either INTERNALLY or EXTERNALLY. Describe two methods how a business can grow **internally**. (4)
5. List two ways how the size of a firm can increase **externally**. (2)



6. By giving suitable examples, explain the following types of integration. (4)
  - (i) Horizontal Integration
  - (ii) Vertical Integration Forward
  - (iii) Vertical Integration Backwards
  - (iv) Lateral Integration (Conglomerate)

## **SECTION E (Total: 20 marks)**

**Choose TWO of the following topics and answer the questions related to it. Each question carries 10 marks.**

### **1. Franchising and Multinational Firms**

- (i) Explain what does the term “Franchising” implies? Give two local examples of Franchising available in Malta. (2)
- (ii) What is the difference between the “franchisee” and the “franchisor”? (2)
- (iii) List an advantage and a disadvantage of Franchising to the Franchisee. (2)
- (iv) List an advantage and a disadvantage of Franchising to the Franchisor. (2)
- (v) Explain the main characteristics of multinational companies and the importance of multinational firms for the Maltese economy. (2)

### **2. Economies of Scale and the survival of Small Firms**

- (i) What do you understand by Economies of Scale? (2)
- (ii) Describe two internal Economies of Scale (2)
- (iii) What do you understand by Diseconomies of Scale? (2)
- (iv) Mention two reasons that can cause internal Diseconomies of Scale (2)
- (v) In spite of the benefits of large-scale operations, small firms continue to exist. How far do you agree with this statement? (2)

### **3. Business Ownership, Stakeholders & Business Ethics**

- (i) Explain the following terms in relation to ‘Limited Liability Companies’: (2)
  - Articles of Association
  - Memorandum of Association
- (ii) What is the main difference between a Private and a Public Limited company? (2)
- (iii) Distinguish between a Monopoly and an Oligopoly. (2)
- (iv) The groups of people involved in business activity are called stakeholders because they have an interest or ‘stake’ in business as they are the main groups of people involved in business. List 4 different stakeholders of a business. (2)
- (v) What do you understand by ‘Business Ethics’? List one as an example. (2)