

3.5 BUSINESS STUDIES (565)

Business Studies is a broad area of study that comprises five fields namely; Commerce, Accounting, Economics, Office Practice and Entrepreneurship. These fields were formerly tested as independent subjects. One of the major aims of Business Studies is to expose the candidates to broad areas of study hence enable them to specialize at post secondary level. For those who may not further their education, the objective is to enable them be self-reliant and partake of national development through self-employment and entrepreneurship.

Business Studies was tested in two papers. Paper 1 (565/1), had 25 short answer structured items and was marked out of 100 marks. Paper 2 (565/2), had six extended answer questions out of which the candidates were expected to attempt five questions. The paper was also marked out of 100 marks.

GENERAL CANDIDATES' PERFORMANCE

The table below shows candidates' overall performance in Business Studies (565), in the year 2014. The other years, 2010 to 2013 are also given for comparison purposes.

Table 13: Candidates' Overall Performance in the years 2010, 2011, 2012, 2013 and 2014

Year	Paper	Candidature	Maximum Score	Mean Score	Standard Deviation
2014	1	215,394	100	51.75	21.30
	2		100	41.95	20.02
	Overall		200	93.64	39.53
2013	1	196,518	100	58.80	20.41
	2		100	34.57	16.17
	Overall		200	94.24	34.57
2012	1	185,772	100	50.18	19.46
	2		100	37.87	16.43
	Overall		200	88.59	34.40
2011	1	179,438	100	56.02	18.62
	2		100	35.22	17.29
	Overall		200	91.21	34.26
2010	1	159,567	100	42.68	14.46
	2		100	36.81	16.93
	Overall		200	79.49	31.39

The following observations can be made from the table above:

- (i) The subject enjoys increased popularity as attested to by the increase in candidature by 18,876 candidates. The candidature for the year 2014 was 215,394, up from 196,518 in the year 2013.
- (ii) There was a slight drop in the overall performance by candidates in the subject. The subject mean score for 2014 was 93.64 as compared to a mean of 94.24 in 2013.

- (iii) Candidates performed better in paper one (565/1), when compared to Paper 2 (565/2) as per the respective means of 51.75 and 41.95. This implies that most candidates find it easier to tackle the short answer questions in Paper 1 (565/1) when compared to the extended answer questions in Paper two (565/2).
- (iv) In terms of paper performance; paper one registered a drop of 7.05. The mean for year 2014 was 51.75, down from 58.80 in 2013. Paper two however registered an improved performance of 7.38. The mean for 2014 was 41.95, up from 34.57 in 2013.

This report discusses some of the questions that candidates found challenging in the two papers offered for the Business Studies examination.

3.5.2 Business Studies Paper 1 (565/1)

Question 3

Outline **four** tasks that may be carried out by a receptionist in an office. (4 marks)

This question required candidates to outline the tasks that may be carried out by a receptionist in an office.

Weaknesses

Candidates confused the secretaries with the receptionists. They gave responses for what secretaries do in their schools hence missing out on the tasks performed by receptionists.

Expected responses

- (a) Receiving visitors to the organization.
- (b) Receiving and routing telephone calls.
- (c) Taking and passing messages.
- (d) Dealing with simple petty cash for purchase of newspapers, tea etc.
- (e) Supervising messengers.
- (f) Keeping simple records.
- (g) Distributing publications by the organization.

Advice to Teachers

Teachers should clearly define the role of each category of office staff.

Question 4

Highlight **four** circumstances in which a cheque may be used as a means of payment. (4 marks)

This question required the candidates to highlight the circumstances in which a cheque may be used as a means of payment.

Weaknesses

This question was poorly done as most candidates misunderstood it and gave the reasons for dishonouring a cheque instead of giving the circumstances in which the cheque would be used as a means of payment.

Expected responses

- (a) When the amounts involved in the transaction are high.
- (b) When the seller insists on payment by cheque.
- (c) When payment is to be directed into the payee's account.
- (d) When evidence of payment is required.
- (e) When the terms of sale is cash with order.
- (f) When there is need to ensure the safety of the money being transferred.

Advice to Teachers

Teachers should encourage students to use recommended text books and not rely on revision materials.

Question 5

Highlight **four** activities that may be carried out in a stock exchange market. (4 marks)

This question required the candidates to highlight the activities that may be carried out in a stock exchange market.

Weaknesses

Most candidates would not distinguish between activities carried out in a stock exchange market and the role played by the same in the economy.

Expected responses

- (a) Buying and selling of shares.
- (b) Mobilising savings for investment.
- (c) Listing of companies.
- (d) Issuing of new securities/ raising capital.
- (e) Publication of statistical information.
- (f) Advising investors.

Advice to Teachers

This topic should be covered deeply by explaining the roles, functions, activities, merits and demerits of the stock exchange.

Question 6

Outline four features of liners in sea transport. (4 marks)

This question required the candidates to outline the features of liners in sea transport.

Weaknesses

Many candidates took features of liners to mean advantages of sea transport, while others did not seem to know what liners are.

Expected responses

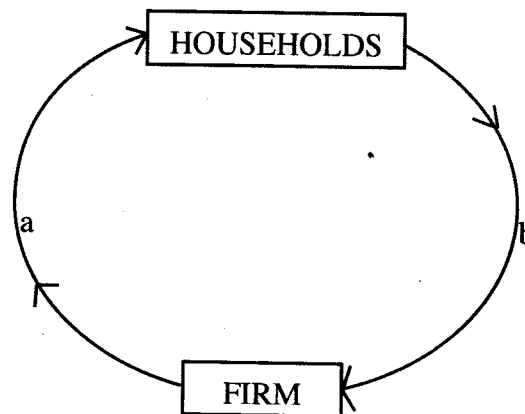
- (a) Ferry passengers or cargo.
- (b) Follow a regular time table/ schedule.
- (c) Call at ports at regular intervals.
- (d) Follow a regular route.
- (e) Form associations/conferences to protect themselves against competition.
- (f) Charge fixed freightage and fare regardless of demand.

Advice to Teachers

Teachers are advised to mention and explain the vehicles/means of carriage used in all forms of transport.

Question 11

The following diagram represents the circular flow of income in a two sector closed economy.



Identify **two** factors represented by each of the arrows labelled a and b. (4 marks)

The question required the candidates to identify the factors represented by each of the arrows in a chart showing a two sector closed economy.

Weaknesses

Many candidates failed to understand the question as they are used to having two arrows on each side of the income flow chart.

Expected responses

- (a) (i) Payment for goods and services.
- (ii) Factor services/inputs/factors of production.

- (b) (i) Payment for factor inputs
- (ii) Goods and services.

Advice to Teachers

Teachers should try to create a positive attitude in the topic. Methods of testing should also be varied.

Question 18

List four levels of inflation. (4 marks)

The question required candidates to list the levels of inflation.

Weaknesses

Many candidates wrote the types of inflation instead of coming up with the levels of inflation.

Expected responses

- (a) Hyper inflation/runaway inflation.
- (b) Galloping inflation/Rapid inflation.
- (c) Stagflation.
- (d) Creeping inflation/Mild/Moderate inflation.

Advice to Teachers

Teachers should distinguish between levels and types of inflation. They should also encourage learners to use varied reference materials.

Question 24

Outline four positive implications of a youthful population. (4 marks)

This question required candidates to outline the positive implications of a youthful population.

Weaknesses

Many candidates wrote on the demerits of a youthful population, while others gave features of young people.

Expected responses

- (a) Less expenditure on social security and pension.
- (b) Wider market for goods meant for the youth like trendy clothing.

- (c) Guaranteed continuous supply of labour.
- (d) Flexibility and adaptability to technological changes which improve production.
- (e) Faster growth of some sectors like music, fashion and fast food industries.
- (f) Increased innovation due to their adventurous nature.

Advice to Teachers

The population structure should be taught thoroughly where the merits and demerits of each component of the structure is covered.

3.5.3 Business Studies Paper 2 (565/2)

Question 1 (b)

Explain **five** demerits that a country may suffer when the government becomes a major investor in business. (10 marks.)

This question required candidates to explain the demerits that a country may suffer when the government becomes a major investor in business.

Weaknesses

A majority of candidates failed to adequately explain the demerits while others displayed complete lack of knowledge in this area.

Expected responses

- I. Discourages private investment. This may perpetuate unfair competition by creating monopolies.
- II. Poor quality goods and services. The quality of goods may be compromised due to absence of competition and low enthusiasm by the employees.
- III. Limited choices for consumers. Where the government is the only provider of a good or service, consumers may be denied variety.
- IV. Inefficiency. Lack of profit motive hampers productivity which may lead to losses.
- V. Burden to tax payers. They may lead to increased government expenditure especially where they are not able to sustain themselves.
- VI. Lack of accountability. Managers of government run businesses tend to misappropriate and embezzle public funds.
- VII. Unstable management. Government run businesses are prone to frequent changes in their management occasioned by changing political leadership.
- VIII. Political patronage/interference. This leads to appointment of cronies which may promote unethical practices.
- IX. Increased bureaucracy/Red tape. Government-run businesses are rigid and slow to respond to changes in the market.

Advice to Teachers

Teachers should be thorough when teaching the topic on government involvement in business. The objective on merits and demerits of government involvement in business should be covered

thoroughly.

Question 3 (a)

Explain five objectives that may be achieved by establishing firms in different parts of the country. (10 marks)

This question required candidates to explain the objectives that may be achieved by establishing firms in different parts of the country.

Weaknesses

This question was poorly performed as many candidates gave the factors determining location of firms, while others wrote merits of delocalization.

Expected responses

- (i) To reduce rural-urban migration. This helps to retain the productive population in the rural areas as the influx of people to urban areas from the rural is curbed.
- (ii) To utilize local resources. Resources which would have otherwise been idle is put to productive use.
- (iii) To provide balanced regional development. Creating firms in different parts of the country will ensure that all parts grow at the same time and rate.
- (iv) To promote development of infrastructure. This opens up parts of the country which would have otherwise remained remote.
- (v) To promote development of social amenities. The social welfare of the people is improved.
- (vi) To reduce social problems. It minimizes social problems like pollution, prostitution, crime and congestion.
- (vii) To promote urban growth. Establishment of firms promotes the development of market economies which encourages urbanization.
- (viii) To minimize effects of calamities. Calamities cannot affect investments that are spread in different parts of the country at one go.

Advice to Teachers

Guide the candidates on question interpretation and how to frame their responses to address the demands of the question.

Question 5(a)

Explain five disadvantages that a developing country may suffer by liberalizing foreign trade. (10 marks)

This question required the candidates to explain the disadvantages that a developing country may suffer by liberalizing foreign trade.

Weaknesses

Most candidates seemed not to understand the concept of liberalization in foreign trade since they confused it with free trade and also economic integration.

Expected responses

- (i) May lead to dumping of inferior goods into the country.
- (ii) May cause overexploitation of resources leading to their depletion.
- (iii) May lead to loss of jobs due to closure of local firms which cannot cope with competition.
- (iv) May contribute to worsening balance of payment situation as developing countries have fewer/lowly valued exports.
- (v) Cultural values and beliefs may be eroded due to unrestricted trade
- (vi) Entry of harmful goods. Goods with harmful ingredients such as beauty creams and drugs may find their way into the country.
- (vii) Slow economic development. The country may stagnate due to overdependence on other countries for supplies.
- (viii) Brain drain. Skilled personnel may be lost to better developed countries which provide better amenities and pay

Advice to Teachers

Teachers should ensure that all aspects of emerging issues and trends in the topic of international trade are covered during instruction.