CARIBBEAN EXAMINATIONS COUNCIL

REPORT ON CANDIDATES' WORK IN THE ADVANCED PROFICIENCY EXAMINATION MAY/JUNE 2011

MANAGEMENT OF BUSINESS

GENERAL COMMENTS

The Caribbean Advanced Proficiency Examination (CAPE) in Management of Business seeks to provide candidates with the basic skills required to address managerial problems and challenges faced by businesses. These skills enable candidates to function not only in existing business organizations, but also as independent entrepreneurs. The subject is divided into two units, each examined by three papers.

Paper 01 – Multiple Choice
Paper 02 – Essay
Paper 03 – 031: School-Based Assessment (done by school candidates)
–032: Alternative to School-Based Assessment (done by private candidates)

Unit 1 focuses on Management Principles and Processes. It comprises three modules:

- Business and its Environment
- The Management of People
- Business Finance and Accounting

This year, 5,596 candidates wrote Unit 1. The mean mark was 163.62 out of 300 (54.54 per cent). The standard deviation was 35.97. Eighty-eight per cent of the candidates achieved acceptable grades (Grades I-V).

Unit 2 focuses on Applications in Management. It comprises three modules:

- Production and Operations Management
- Fundamentals of Marketing
- Small Business Management

Unit 2 was written by 3,727 candidates. The mean mark was 189.88 out of 300 (63.29 per cent). The standard deviation was 35.90. There was notable improvement in the performance of candidates in both units over 2010. The improved performance was evident across modules. Overall the performance in 2011 Management of Business examination was good. There was marked improvement in the performance on Unit 1, particularly Module 3 – Business Finance and Accounting. Ninety-three per cent of the candidates achieved acceptable grades (Grades I-V).

DETAILED COMMENTS

UNIT 1

Paper 01 – Multiple Choice

Paper 01 consisted of 45 multiple choice items, 15 on each module. The items spanned knowledge, comprehension and application. The mean mark for this paper was 56.14 out of 90 (62.38 per cent). The standard deviation was 12.03.

Paper 02 – Essay Questions

Paper 02 comprised six questions, two on each module. Candidates were required to answer one question from each module. The mean mark for this paper was 367.996 out of 150. (45.31 per cent). The standard deviation was 21.95.

Module 1: Business and its Environment

<u>Question 1</u>

Approximately 36 per cent of the total candidates attempted this question. Approximately 25 per cent of the candidates scored at least 12 of the 25 marks. No candidate achieved the maximum available mark for this question. The highest mark was 22 out of 25. The question tested candidates' knowledge of the decision-making process. Candidates were presented with a scenario where a business person was faced with a situation requiring him to make a decision. The candidates were also given four steps in the decision-making process. In Part (a), candidates were required to discuss how the steps presented would help the business person to choose one of two given options. In Part (b), candidates were required to explain how given environmental factors may impact the business.

The overall performance on this question was affected by the less than satisfactory performance on Part (a). Some candidates spent a lot of time explaining the meaning of franchise and sole trader instead of focusing on the steps in the decision–making process. However, the majority of them performed well in Part (b). They were able to clearly explain how the environmental factors impact the business both negatively and positively. The mean mark was 9.97 out of 25. The standard deviation was 3.64.

<u>Question 2</u>

This question was attempted by approximately 64 per cent of the candidates. Approximately 45 per cent of them scored at least 12 of the 25 available marks. Six candidates achieved the maximum available mark.

The question was divided into three parts. Part (a) required candidates to define the term *business objective*, Part (b) required candidates to discuss three reasons why it is important for an entrepreneur to establish objectives for her business, and in Part (c) candidates were required to identify two objectives that the entrepreneur should aim to achieve, giving reasons.

The overall performance of candidates on this question was satisfactory. The majority of candidates were able to define the term *business objective* as well as to identify two objectives that the entrepreneur should aim to achieve. However Part (c) was not well done, candidates failed to discuss the importance of achieving the objectives in detail as required. The mean mark was 12.20. The standard deviation was 4.71.

Module 2: Management of People

<u>Question 3</u>

Approximately 15 per cent of the candidates attempted this question. Approximately 42 per cent of them scored at least 12 of the 25 available marks. One candidate achieved the maximum available mark.

The question tested candidates' knowledge of the concept of motivation with specific reference to Herzberg's *Two Factor Theory*. The question was divided into three parts. Part (a) required candidates to outline the two factors identified by Herzberg, and to give examples of each. Part (b) required them to explain how the two factors lead to job satisfaction or dissatisfaction and Part (c) asked for a practical application of the theory.

Candidates performed credibly on Part (a). They were able to identify both factors. Many of them gained full marks for identification. However, some candidates were unable to identify the examples. Parts (b) and (c) were challenging for many candidates. Some candidates failed to explain how the factors identified lead to job satisfaction or dissatisfaction in an organization. In addition, they were unable to adequately outline the steps that can be taken to increase job satisfaction. Some candidates identified methods such as job enrichment and job rotation but were unable to give a clear explanation of these methods. The mean mark was 11.20 out of 25. The standard deviation was 4.91.

<u>Question 4</u>

This question was attempted by approximately 85 per cent of the candidates. Approximately 43 per cent to them scored at least 12 of the 25 marks. Two candidates achieved the maximum available mark.

The question was divided into three parts. Part (a) required candidates to define the term *communication*. Part (b) required them to discuss three possible barriers to communication and Part (c) required candidates to outline two features of formal and informal communication networks.

Candidates performed very well on Part (a); for the most part, they were able to give a clear definition of communication and to identify barriers to communication. However, in Part (b), candidates failed to elaborate on ways in which each barrier may be overcome, hence losing valuable marks for that part of the discussion.

Part (c) was not well done. The majority of Candidates had difficulty adequately outlining features of formal and informal communication networks. Candidates who performed well were able to clearly link the barriers identified to ways of overcoming them. The mean mark was 11.72 out of 25. The standard deviation was 4.25.

Module 3: Business Finance and Accounting

Question 5

This question was attempted by approximately 30 per cent of the candidates. Approximately 42 per cent of them scored at least 12 of the 25 marks. Three candidates achieved the maximum available mark.

The question tested candidates' knowledge of accounting ratios. The overall performance on this question was satisfactory. The question was divided into two parts. Part (a) required candidates to compute gross profit margin, net profit margin and return on capital employed (ROCE). Part (b) required them to explain limitations of using ratio analysis.

The majority of candidates were able to calculate the ratios correctly; however, the weakness was mainly manifested in the incorrect calculation of the ROCE. Part (b) presented some challenge to most candidates. They generally failed to adequately state how limitations of ratio analysis could be overcome. The mean mark was 10.85. The standard deviation was 5.65.

Question 6

This question was attempted by approximately 70 per cent of the candidates. Forty-two per cent of them scored at least 12 of the 25 marks. One candidate achieved the maximum available mark.

The question tested candidates' knowledge of final accounts. It was divided into three parts. Part (a) required candidates to state one way in which the final accounts of a business serve as a major source of information for investors, suppliers, government and business managers. Part (b) required them to define the term *cash flow statements* and to outline two advantages of a cash flow statement to a business. In Part (c), candidates were required to construct a Trading and Profit & Loss Account.

The majority of candidates performed well on Part (a). They were able to clearly state the way in which relevant stakeholders use the final accounts as a major source of information. Part (b) presented some challenge for many candidates. Candidates failed to adequately define *cash flow statement* and to outline advantages of the cash flow statement. However, candidates performed well in Part (c). Approximately 85 per cent of the candidates were able to construct the income statement with some level of competence. The mean mark was 11.12 out of 25. The standard deviation was 5.05.

Paper 031 – School–Based Assessment (SBA)

Projects were submitted by 4,101 students. Overall the projects presented for the SBA were satisfactory. Most of the topics chosen were appropriate for the CAPE level and relevant to the unit. Most projects were written in a clear, logical manner and adhered to the prescribed length. Eighteen students achieved the maximum available mark. Eighty-five per cent of the students scored at least 50 per cent of the available marks. However, for the weaker submissions, the students failed to demonstrate adequate knowledge of the objectives being assessed and were unable to show relationships between findings and recommendations. Some of these weaker projects did not have a clearly stated topic and some of the teacher assessments of these samples were too lenient. The mean was 38.51 out of 60. The standard deviation was 9.76. The module means and standard deviations were 12.41 (3.25); 12.89 (3.35) and 13.20 (3.39) for Modules 1, 2 and 3 respectively.

UNIT 2

Module 1: Production and Operations Management

Question 1

This question was attempted by approximately 60 per cent of the candidates. Sixty-three per cent of them scored at least 12 out of 25. Seventeen candidates achieved the maximum available mark.

The question tested candidates' knowledge of quality control measures for improving business operations. The question was divided into two parts. Part (a) required candidates to define the term *Total Quality Management* (TQM) and discuss the benefits and one drawback of using the TQM approach. Part (b) required them to state two features of *Just-in-time operations* and explain how it is related to TQM. Candidates were also required to state two benefits of implementing an efficient inventory control system

The majority of candidates were able to provide a good and clear definition of TQM. Candidates also provided reasonable discussions of potential benefits and drawbacks of implementing the TQM Approach.

About 40 per cent of the candidates were able to state two likely benefits of implementing an efficient inventory control system.

Part (b) was not well done by most candidates. Candidates were generally unable to effectively differentiate between a 'feature' and a 'benefit' of *Just-in-time operations*. The mean mark was 13.97 out of 25. The standard deviation was 5.07.

Question 2

This question was attempted by approximately 40 per cent of the candidates. Seventy-five per cent of them scored at least 12 of the 25 available marks. Five candidates achieved the maximum mark.

The question tested candidates' knowledge of productivity. It was divided into three parts. Part (a) required candidates to calculate the labour productivity of a garment factory. Part (b) required them to identify five factors that may impact negatively on the productivity of the garment factory. Part (c) required candidates to discuss four methods of improving productivity at the factory.

Part (a) was poorly done. In Part (b), the majority of candidates were able to identify factors that impact productivity, but in many cases, they were not the factors that impacted the factory in a negative way. Part (c) was generally well done. The mean was 15.26 out of 25. The standard deviation was 4.73.

Module 2: Fundamentals of Marketing

Question 3

This question was attempted by approximately 89 per cent of the candidates. Sixty-four per cent of them scored at least 12 of the 25 marks. Three candidates achieved the maximum available mark.

The question tested candidates' knowledge of market research. It was divided into three parts. Part (a) required candidates to define the term *market research* in addition to discussing three reasons why it is important for a company to conduct market research. Part (b) required candidates to distinguish between primary and secondary data and to state the most appropriate source of primary data for the project. Part (c) required candidates to state two advantages and two disadvantages of using the personal interview and telephone interview methods for conducting market research.

In Part (a), the majority of candidates were able to define the term market research. Many of them were also able to identify reasons for market research and develop an in depth discussion on each reason identified, thereby gaining majority of the marks allocated for this part of the question. The responses to Part (c) were very weak. Many candidates failed to give advantages and disadvantages of the methods of conducting market research. The mean was 13.97 out of 25. The standard deviation was 3.96.

Question 4

This question was attempted by approximately 11 per cent of the candidates. Seventy-five per cent of them scored at least 12 of the 25 marks. Five candidates achieved the maximum available mark.

The question tested candidates' knowledge of market segmentation. It was divided into three parts. Part (a) required candidates to state three features of the focus group methodology; Part (b) required them to discuss three advantages that a business could realize from segmenting the market; and Part (c) required candidates to identify three primary bases on which the business could segment its consumer market and to describe any two of the bases of market segmentation identified.

Parts (a) and (b) presented some challenge to the majority of candidates. They failed to clearly state the features of focus group methodology and to give detailed discussions on market segmentation taking into consideration the scenario given. However, Part (c) was well done. Candidates were able to identify and describe primary bases of market segmentation. They also gave suitable examples and hence scored very well on this section of the question. The mean was 11.72 out of 25. The standard deviation was 4.25.

Module 3: Small Business Management

Question 5

This question was attempted by approximately 90 per cent of the candidates. Ninety per cent of them scored at least 12 of the 25 marks. Forty-one candidates achieved the maximum available mark.

The question tested candidates' knowledge of the characteristics of effective entrepreneurs, challenges and skills required for the management of small businesses.

Candidates were presented with a scenario on which five subparts questions were based. Part (a) required candidates to outline three characteristics which the named entrepreneur should possess. Part (b) required them to identify three challenges which the entrepreneur is likely to face. Part (c) required candidates to outline three reasons why the entrepreneur may need to conduct market research. Part (d) required them to identify two factors that may influence the price of his product and Part (e) required them to discuss two factors that may influence the location of his business. The majority of candidates performed well on all parts of the question. With regard to Part (e), most candidates identified the factors that influence location but failed to provide adequate discussion on the concept. The mean was 17.68 out of 25 marks. The standard deviation was 3.82.

Question 6

This question was attempted by approximately 10 per cent of the candidates. Fifty-eight per cent of them scored at least 12 out of the 25. One candidate achieved the maximum available mark.

The question tested candidates' knowledge of business plans. Candidates were presented with a scenario on which five subparts of the question were based. Part (a) required candidates to explain what is meant by the term *business plan.* Part (b) required them to state two purposes of a business plan. Part (c) required candidates to outline five important steps in the preparation of a business plan. Part (d) required them to outline one legal requirement in setting up a pharmaceutical business and Part (e) required candidates to suggest three ways in which information technology could assist the pharmacist in operating her business.

Part (a) was generally well done. The majority of candidates gave acceptable explanations for the term *business plan*. The majority of candidates also stated two acceptable purposes of a business plan. However, some of the candidates experienced some challenges with Part (c). They were unable to outline five important steps in the preparation of a business plan. Some of them were able to identify up to three steps. Overall, performance on Parts (d) and (e) was satisfactory. Candidates were able to clearly outline one legal requirement necessary for the setting up of a pharmacy and to suggest three ways in which information technology could assist in efficiently operating a pharmacy. The mean was 13.97 out of 25. The standard deviation was 5.23.

Paper 031 – Internal Assessment

Six hundred and sixty students submitted projects. The projects presented for Unit 2 were generally good. Overall, the topics chosen were very relevant to the unit. Most projects were written in a clear, logical manner and students used a variety of graphic tools in their presentations. The mean was 39.58 out of 60 and the standard deviation was 9.46. Three students achieved the maximum available mark. Eighty-seven per cent of candidates scored at least 50 per cent of the marks. The module means and standard deviations were 12.88 (3.20); 13.17 (3.16) and 13.50 (3.17) for Modules 1, 2 and 3 respectively.

RECOMMENDATIONS

In order to maintain the improvements in performance on the examinations, candidates need to continue to prepare adequately for the examination by familiarizing themselves with the requirements of the exam.

Candidates should read the questions carefully paying attention to the instructions. They should also practice answering past examination questions aimed at higher order cognitive skills such as application and evaluation, so that they will be able to apply the theoretical principles to practical situations, for instance in the scenario given in Question 1.

Candidates also need to align their answers with the key verbs as well as the marks allocated to determine where more comprehensive discussion is required.

Teachers should consider business simulations as part of teaching activities, they should also encourage students to actually set up small businesses to gain practical experience.

Although there was also significant improvement in the quality of the essay-type responses, there is still the problem of the inability of some candidates to address higher order cognitive skill, such as analysis, synthesis and evaluation.

It was also evident that a number of candidates were making effective use of online material as well as other texts as recommended and this practice should be encouraged by teachers.