

3.6 BUSINESS STUDIES (565)

Business Studies is a subject that exposes candidates to a broad area of study that comprises four fields namely; Commerce, Accounting, Economics and Office Practice. These subjects were formerly tested separately. It also borrows from Entrepreneurship. One of the major objectives of Business Studies is to expose the candidates to broad areas of study and leave 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.

3.6.1 GENERAL CANDIDATES' PERFORMANCE

The table below shows candidates' overall performance in Business Studies (565), in the year 2012. The other years, 2008 to 2011 are also given for comparison purposes.

Table 13: Candidates' Overall Performance in the year 2008, 2009, 2010, 2011 and 2012

Year	Paper	Candidature	Maximum Score	Mean Score	Standard Deviation
2012	1		100	50.18	19.46
	2		100	37.87	16.43
	Overall	185,772	200	88.59	34.40
2011	1		100	56.02	18.62
	2		100	35.22	17.29
	Overall	179,438	200	91.21	34.26
2010	1		100	42.68	14.46
	2		100	36.81	16.93
	Overall	159,567	200	79.49	31.39
2009	1		100	38.93	15.77
	2		100	31.95	15.35
	Overall	147,212	200	70.85	29.75
2008	1		100	43.79	15.96
	2		100	31.65	16.81
	Overall	127,500	200	75.45	31.28

The following observations can be deduced from the table above:

- (i) The subject is very popular as attested to by the increase in candidature by 6,334 candidates. The candidature for 2012 was 185,772 while that for 2011 was 179,438
- (ii) There was a drop in the overall performance of candidates in the subject. The subject mean score for 2012 was 88.59 as compared to a mean of 91.21 in 2011.
- (iii) Candidates performed better in paper one (565/1), when compared to Paper 2 (565/2) as per the respective means of 50.18 and 37.87. 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).

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

3.6.2 Business Studies Paper 1 (565/1)

Question 1

Outline **four** circumstances under which cash with order may be used. (4 marks)

This question required candidates to identify the situations under which a seller would insist on receiving cash from the buyer as goods are ordered for.

Weaknesses

Many candidates seemed to have forgotten the area, or just lacked knowledge in the usage of the term 'cash with order'.

Expected responses

- a) When the seller is operating a mail order business..
- b) When the buyer is new to the seller.
- c) When it is the seller's policy not to sell on credit.
- d) When the buyer's credit worthiness is in doubt.
- e) When the seller wants to avoid the high cost of debt collection.
- f) When the seller does not want to incur bad debts.

Advice to Teachers

Teachers should cover all the terms of sale and help learners to apply their use in different situations.

Question 3

Highlight **three** benefits of globalization to a business enterprise. (3 marks)

This question required the candidates to bring out the benefits that a business would get from globalization.

Weaknesses

This question was poorly done as most candidates did not seem to understand the concept of globalization.

Expected responses

- a) Facilitates application of better technology for improved products.
- b) Encourages collaboration among businesses from different countries.
- c) Makes it possible to share new production techniques.

- d) Facilitates the sharing of research findings by businesses globally.
- e) Enables business enterprises to take advantage of resources found in other parts of the world without having to relocate there.
- f) The business gets access to a wider market.

Advice to Teachers

Teachers should cover emerging issues and the modern trends found after each topic so as to expose the learners adequately.

Question 5

Outline one circumstance under which each of the following telecommunication services may be used:

- (i) Paging
- (ii) Facsimile
- (iii) Radio call.

This question required candidates to demonstrate how the telecommunication devices would be used.

Weaknesses

This question was poorly done as most candidates did a lot of guess work. The topic seemed not to have been covered in most schools.

Expected responses

- (i) Paging – Where there is need to call a person to attend to an emergency within a specified radius.
- (ii) Facsimile (fax) –Where there is need to send a copy of a complex document urgently.
- (iii) Radio call –When there is need to give coordinated information through a central point.

Advice to Teachers

Teachers should cover this topic with the learners adequately. They should help learners to understand how various equipment are used in telecommunication.

Question 6

The following information was extracted from the books of Marigi Traders on 30th June 2009.

Item	Shs.
Purchases	720,000
Opening stock	165,000
Closing stock	?
Sales	980,600
Margin	20%

Prepare the Trading Account of Marigi Traders for the year ended 30th June 2009. (5 marks)

The question required the candidates to prepare a trading account.

Weaknesses

Many candidates found it difficult to determine the closing stock hence could not prepare the trading account as required.

Expected responses

Marigi Traders Trading Account for the year ended 30 th June 2009			
	Shs		Shs
Opening Stock	165,000	Sales	980,600
Add: Purchases	<u>720,000</u>		
Cost of goods available for sale	885,000		
Less: Closing stock	<u>100,520</u>		
Cost of goods sold	784,480		
Gross profit $\left(\frac{20}{100} \times 980,600\right)$	196,120		
	<u>980,600</u>		<u>980,600</u>

Advice to Teachers

Teachers should vary their methods of teaching and ensure that candidates get enough exercise and practice on areas that involve accounting.

Question 23

Zawadi operates a hardware business in her home town. Outline four methods she may use to determine the prices of her goods other than the forces of demand and supply.

The question required candidates to identify the methods used by traders to set prices for their goods apart from relying on the forces of demand and supply.

Weaknesses

The question was poorly performed. Many candidates seemed not to have understood it and therefore gave irrelevant answers. Some still included the price mechanism which was supposed to have been excluded from the answer as it was already given in the question.

Expected responses

- (a) Bargaining/Haggling.
- (b) Abiding by government policy.
- (c) Tendering –offers are invited to quote for prices and goods sold to buyers who best meets Zawadi's expectations.
- (d) Auction –bidders make offers for goods and those offering the highest are allowed to purchase them.
- (e) Retail price maintenance –goods are sold according to the dictates of the producer.
- (f) Price discrimination –sell goods at different prices to different buyers.

Advice to Teachers

Teachers should cover the topic on price determination thoroughly and expose the learners to a variety of relevant examples.

3.28.3 Business Studies Paper 2 (565/2)

Question 1(b)

Explain five ways in which a computer may be used in an office.

This question required candidates to explain how computers can be used in the office.

Weaknesses

Most candidates gave the advantages of office machines without explaining how a computer may be used in the office.

Expected responses

- (i) Data processing. The computer can help to organize and analyze data, and give meaningful output.
- (ii) Storage of information. Files can be created in the computer and information kept for future reference.
- (iii) A tool for communication. Can be linked to the internet and other work stations to enhance sharing of information.
- (iv) Production of documents. Can be used to produce both soft and hard copies of documents.
- (v) Research purposes. Provides a link to various sites where information can be sourced for research purposes.
- (vi) Assist in decision making. Has special programmes and models which may facilitate the decision making process.
- (vii) Can be used for training and staff development. It can be used for presentations during orientation and staff induction.
- (viii) Entertainment. It has accessories for games, music and videos which can be used for relaxation while working.

Advice to Teachers

Teachers should ensure that learners cover the specific uses of the various office machines and equipment.

Question 2(b)

Explain five merits of direct taxes to the government.

This question required candidates to explain the advantages of direct taxes to the government.

Weaknesses

Many candidates gave the uses of taxes while others failed to distinguish between the merits of direct taxes to the government and the individual tax payer.

Expected responses

- (i) Economical/cheap to collect. Collection is executed at the source hence providing higher revenue at lower administrative costs.
- (ii) Certainty. The government knows the amount of tax, the manner and time of payment, hence budget and plan for it. It is also difficult to evade.
- (iii) Convenience. It is deducted at the source and at regular intervals.
- (iv) Price stability. It is a tool for stabilising prices by affecting the disposable income hence influencing aggregate demand.
- (v) Equity/fairness. It is progressive in nature and helps the government to redistribute wealth by heavily taxing those who earn more as opposed to those who earn less.
- (vi) Simple to determine. Every wage bill falls into predictable wage brackets.
- (vii) Easy to administer. It has few collection points hence less documentation.
- (viii) It is elastic. It changes in response to changes in income and the population.

Advice to Teachers

Teachers should ensure that they teach the distinction between benefits of direct taxes to the government and also to the individual tax payer.

Question 4 (a)

Explain five characteristics of property insurance.

This question required the candidates to bring out the unique features of property insurance.

Weaknesses

A majority of the learners gave the characteristics of insurable risks while others compared general insurance to life assurance.

Expected responses

- (i) Premium charged is dependent on the degree of risk or the value of the property. Higher premiums are charged for risks of higher degrees.
- (ii) It is a contract of indemnity. The owner of the property is compensated for the loss of the property.
- (iii) It is a short term contract. The insurance contract ends after a specified period of time, usually one year.
- (iv) The policy cannot be assigned to another individual. The owner cannot transfer the right to benefit/compensation to somebody else.
- (v) It has no surrender value. Should the insured terminate the policy before expiry of the contract, he/she is not entitled to any refund from the insurer.
- (vi) There is a maximum limit to the amount of compensation. This can be up to the value of the insured property in case of over insurance, or the sum assured in case of under insurance.
- (vii) There must be an insurable interest in the property being insured. The insured must be in a position to suffer financial loss in the event of the risk covered happening.
- (viii) The policy cannot be used as collateral/security to get credit.
- (ix) The risk is uncertain. The risk may or may not occur.

Advice to Teachers

The teachers should emphasize the characteristics of general insurance and also thoroughly revise form two work with the learners.

Question 6(b)

Explain five circumstances in which a firm may acquire monopoly power.

This question required candidates to explain situations which may make a firm to emerge as a monopoly in its line of business.

Weaknesses

Majority of the candidates displayed lack of knowledge in this area. Some also just gave characteristics of monopoly.

Expected responses

- (i) If the firm has a secret production technique. This denies other firms the use of the technique.
- (ii) If the firm has control over strategic input. This makes the firm to have sole access to inputs used in the production of the commodity.
- (iii) If the venture requires large capital outlay. Other firms may not be able to raise the capital leaving the field to one firm.
- (iv) If the firm enjoys substantial economies to scale. This enables the firm to produce at a lower cost than the other firms.
- (v) If the firm is set up as a state monopoly. This gives the firm exclusive rights to producing a particular product by the government.
- (vi) If firms merge or amalgamate. When firms join to form one large firm, competition is eliminated and it becomes the only producer or supplier.
- (vii) If the market is served best by one firm more economically. Firms entering the market may make losses due to low sales hence the firm remains dominant.
- (viii) If the firm has patent rights. This bars other firms from producing or selling the product.

Advice to Teachers

The teachers should thoroughly teach the concept of monopoly and the sources of monopoly power.