



SUBJECT:	Business Studies
PAPER NUMBER:	I
DATE:	11 th May 2022
TIME:	9:00 a.m. to 11:05 a.m.

This paper consists of eight questions of 10 marks each.

Answer **ALL** questions.

Candidates are to write the question number and letter in the margin provided.

1. (a) Define limited and unlimited liability. (4)
- (b) State **TWO** differences between a Public Limited Liability Company and a Private Limited Liability Company. (2)
- (c) Give **ONE** example of a business organisation in the public sector and **ONE** example of a business organisation in the private sector. (2)
- (d) What is a multinational company? (2)

(Total: 10 marks)

2. (a) State **TWO** reasons why organisations join employers' associations. (2)
- (b) What is the main role of **each** of the following:
 - (i) Malta Stock Exchange; (1)
 - (ii) Jobsplus; (2)
 - (iii) Malta Enterprise; (2)
 - (iv) Malta Chamber of Commerce, Enterprise and Industry; (1)
 - (v) Planning Authority; (1)
 - (vi) Environment and Resources Authority. (1)

(Total: 10 marks)

3. (a) The Statement of Profit or Loss calculates the profit of the business. Identify **ONE** reason why a business may make a gross profit and have a net loss at the end of the financial period. (2)

- (b) The Financial Statements as at 31 December 2021 of Koala Ltd showed the following information:

Profit before interest and tax	€101,500
Total current assets (including inventory)	€305,000
Current liabilities	€85,000

From the figures above, calculate the company's:

- (i) Return on Capital Employed (give your answer to the nearest %); (2)
- (ii) Working Capital (Current) ratio (give your answer to one decimal place). (2)
- (c) What is a Statement of Financial Position (Balance Sheet)? (1)
- (d) Name **TWO** main business stakeholders and identify their main interest. (3)

(Total: 10 marks)

Please turn the page.

4. (a) Define economies of scale. (2)
(b) Give **THREE** reasons why foreign trade is important for Malta. (3)
(c) Give **TWO** reasons for the growth of Malta's tertiary sector, and **ONE** reason why the primary sector has diminished. (3)
(d) Define fair trade. (2)

(Total: 10 marks)

5. (a) List **TWO** problems of communication and give **ONE** example of **each** problem mentioned. (3)
(b) Give **THREE** examples why an important message can be misunderstood. (3)
(c) Give **TWO** examples how technology changed the process of communication. (2)
(d) Give **ONE** example of formal communication and **ONE** example of informal communication used within a school. (2)

(Total: 10 marks)

6. (a) Define demography. (2)
(b) During the COVID-19 pandemic, we have seen various industrial actions being proposed and carried out, namely by the Malta Union for Midwives and Nurses (MUMN), the Medical Association of Malta (MAM), and the Malta Union of Teachers (MUT). Give **TWO** examples of the ethical issues that such unions should consider before proposing and carrying out industrial actions. (4)
(c) According to McGregor's Theory X and Theory Y, when is a manager more likely to use a participative style of management? (2)
(d) Briefly describe **TWO** functions of the Human Resources Department. (2)

(Total: 10 marks)

7. (a) Define price skimming. (2)
(b) List **ONE** argument for and **ONE** argument against advertising. (2)
(c) Distinguish between primary and secondary market research and give **ONE** example of **each** type of research. (4)
(d) Briefly describe **TWO** functions of the Marketing Department. (2)

(Total: 10 marks)

8. (a) Define business ethics and mention **TWO** unethical business behaviours. (2)
(b) Explain a tall management structure in terms of the chain of command and the span of control. (2)
(c) Distinguish between capital and revenue expenditure and give **ONE** example of **each** type of expenditure that is incurred by the business. (4)
(d) List **ONE** difference between centralisation and delegation of authority. (2)

(Total: 10 marks)



SUBJECT:	Business Studies
PAPER NUMBER:	IIA
DATE:	12 th May 2022
TIME:	9:00 a.m. to 11:05 a.m.

This paper consists of six questions.

Answer **Question 1** from Section A and **any THREE** questions from Section B.

Candidates are to write the question number and letter in the margin of the booklet provided.

SECTION A

Compulsory question.

- Italy's new flagship airline took to the skies in October 2021 with the travel industry still reeling from the coronavirus crisis and low-cost rivals targeting its home market in a bid to lure away passengers.

The tough operating conditions means Italia Trasporto Aereo SpA (ITA) faces trying times from day one as it replaces fallen national icon Alitalia, which ended flights after decades of losses and numerous brushes with bankruptcy.

State-backed ITA will use planes from Alitalia and be armed with its well-known name, after securing the brand's purchase for 90 million euros on the eve of its debut. But the new airline will employ only around 2,800 of its predecessor's 10,000-plus staff, operating a simplified network to keep down costs and help it turn a profit once demand recovers from the pandemic. The public has been lukewarm in its backing for a new carrier set to receive 1.3 billion euros in government funds on top of more than 5 billion euros splurged on Alitalia. The company first entered bankruptcy in 2008, and was kept on life support with taxpayer proceeds. Italians have suggested the money should be funnelled into health care or education instead.

It will be up to ITA to carve out its place in a market that's already well-served. Global airlines offer plenty of long-distance flights from Rome and Milan, while those cities and others have good European links through a host of carriers including Ryanair Holdings Plc, EasyJet Plc and Wizz Air Holdings Plc. Ryanair and Wizz have eaten into Alitalia's market share in Italy. The government, though, says that Italy needs its own network airline to support tourism in what is the world's fifth-most visited country.

Italy's Economic development minister, Giancarlo Giorgetti, said that ITA must find a partner to flourish, with Delta Air Lines Inc. CEO Ed Bastian said that discussions are underway over a possible alliance. Delta's existing North Atlantic partnership, of which Alitalia was a member, includes Air France-KLM and Virgin Atlantic Airways Ltd.

Text adapted from *Italy Says Ciao Once Again as New Alitalia Readies for Takeoff*
(Source: www.bloomberg.com/hyperdrive)

This question continues on next page.

- a) Is ITA part of the private or public sector? Support your answer by quoting from the text on Page 1. (1)
- b) "...the travel industry still reeling from the coronavirus crisis".
 (i) Mention **TWO** reasons why the travel industry been so badly affected by the pandemic. (2)
 (ii) Differentiate between Balance of Trade and Balance of Payments, and show how tourism contributes to a country's Balance of Payments. (5)
- c) Business and economic activity are vital in helping to satisfy society's needs. Considering that Italian cities are already well-served through the operations of global airlines, why does Italy need its own network airline? (1)
- d) Considering that ITA have launched their operations in the middle of a pandemic, which main business objective would you consider as being most important in the short term? **And** which business objective would gain importance when the pandemic is over? Give reasons for your answer. (4)
- e) With reference to ITA and Ryanair, explain any differences and/or similarities with regards to **each** of the following:
 (i) aims; (2)
 (ii) ownership; (2)
 (iii) sources of finance; and (2)
 (iv) control. (2)
- f) If ITA finds a partner, as suggested by Italy's Economic development minister, Giancarlo Giorgetti, what type of business organisation would be formed? Explain why this is so. (1)
- g) Is the Italian public satisfied with the necessity to state-fund the newly founded airline? How would the taxpayers like to see public funds being used? (2)
- h) Give **ONE** argument for and **ONE** argument against nationalisation. Give **ONE** argument for and **ONE** argument against privatisation. (4)
- i) How could market research help ITA establish a positive position in the market for the travel industry? (2)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer any THREE questions from this section.

2. a) The Employment and Industrial Relations Act (EIRA) is the section of the Maltese legislation that regulates the labour market. Among others, this legislation states the minimum working conditions for workers employed in the local labour market. Name **THREE** conditions of work that are outlined in the EIRA, which must be clearly communicated to someone interested in applying for a particular job. (3)
- b) Describe the similarities and differences between these three types of employment contracts: full time work, indefinite contract; part-time work, indefinite contract; and full time work, definite contract. (4)
- c) Motivation affects workers' performance. Business owners should know how they can influence motivation in their favour. Maslow's hierarchy of needs is a theory of motivation which states that five levels of human needs influence the individual's behaviour. Name the **FIVE** levels that Maslow refers to in his theory, and give a brief description of **each** level. (10)
- d) What is the difference between voluntary dismissal, involuntary dismissal and redundancy? (3)

(Total: 20 marks)

3. a) Communication is when a message is transferred from one person to another and is understood by the latter. List and describe the **FOUR** basic elements involved in effective communication. (4)
- b) Communication can be both internal to the firm and external. Explain the difference between the two. Give examples to support your answer. (5)
- c) The various types of communication used within business organisations are often classified as verbal, written or visual. For **each** classification, give:
- (i) **TWO** examples;
 - (ii) an advantage; and
 - (iii) a disadvantage. (9)
- d) Mention the consequences of ineffective communication within an organisation. (2)
- (Total: 20 marks)**

4. a) Define re-order stock level; minimum stock level; and maximum stock level. (6)
- b) Briefly describe **FOUR** possible negative consequences arising from inefficient stock control. (4)
- c) List **FOUR** criteria for selecting suppliers. (4)
- d) Distinguish between job, batch and mass production systems. (6)
- (Total: 20 marks)**

5. a) (i) Define marketing mix. (2)
- (ii) List and explain **FOUR** of the 7Ps of the marketing mix. (6)
- b) (i) List **TWO** elements of promotion. (2)
- (ii) Give **TWO** reasons why the use of social media may be an effective promotion element to target consumers studying at post-secondary level. (2)
- c) Define the terms market segmentation and target market. (4)
- d) Discuss **TWO** types of market segmentation that are used by fast food companies. (4)
- (Total: 20 marks)**

6. a) (i) What is a barter system? (2)
- (ii) Explain how the introduction of money helped to overcome the problems of the barter system. (4)
- b) Explain **TWO** differences between internal and external sources of finance. Give **TWO** examples of **each** source of finance. (6)
- c) Differentiate between ordinary shares and debentures. (4)
- d) Peter will be starting a business in the coming weeks but he is concerned since his personal funds are insufficient to finance the needs of the business. In view of the insufficient personal funds, suggest and explain how Peter can finance the following:
- (i) the acquisition of non-current assets (fixed assets); and (2)
 - (ii) inventory and other working capital requirements. (2)
- (Total: 20 marks)**



SUBJECT:	Business Studies
PAPER NUMBER:	IIB
DATE:	12 th May 2022
TIME:	9:00 a.m. to 11:05 a.m.

This paper consists of six questions.

Answer **Question 1** from Section A and **any THREE** questions from Section B.

Candidates are to write the question number and letter in the margin of the booklet provided.

SECTION A

Compulsory question.

1. Italy's new airline took to the skies in October 2021 at a time when the travel industry was still suffering badly from the coronavirus crisis. Low-cost rival airlines are also an important threat for the new airline.

The tough operating conditions means Italia Trasporto Aereo SpA (ITA) faces tough times from day one as it replaces Alitalia, which ended flights after decades of losses and risking bankruptcy a number of times.

ITA is backed by state funding and will use planes from Alitalia. The new airline will employ only around 2,800 of Alitalia's 10,000-plus staff. ITA will be operating a simplified network to keep down costs and help it turn a profit once demand recovers from the pandemic.

The public has not been eager to provide more funding to ITA. The new carrier is set to receive 1.3 billion euros in government funds. Before it, Alitalia received help amounting to more than 5 billion euros. The company first entered bankruptcy in 2008, and was kept on life support with taxpayers' proceeds. Italians have suggested that the money should be invested in health care or in education instead of investing in another airline.

It will be up to ITA to place itself in a market that's already well-served. Global airlines offer plenty of long-distance flights from Rome and Milan, while those cities and others have good European links through several carriers including Ryanair Holdings Plc, EasyJet Plc and Wizz Air Holdings Plc. Ryanair and Wizz took away a good part of Alitalia's market share in Italy. The government, however, says that Italy needs its own network airline to support tourism in what is the world's fifth-most visited country.

Text adapted from *Italy Says Ciao Once Again as New Alitalia Readies for Takeoff*
(Source: www.bloomberg.com/hyperdrive)

- a) Is ITA part of the private or public sector? Support your answer by quoting from the text above. (1)
- b) "...at a time when the travel industry was still suffering badly from the coronavirus crisis".
(i) Mention **TWO** reasons why the travel industry was badly affected by the pandemic. (2)
- (ii) Tourism is considered an important factor for a country's economy. Mention **THREE** ways in which the tourist industry contributes towards the revenues earned by a country. (3)

This question continues on next page.

- c) Considering that Italian cities are already well-served through the operations of global airlines, why does Italy need its own network airline? (1)
- d) Considering that ITA have launched their operations in the middle of a pandemic, their short term objective is definitely that of survival and growth. If ITA survives the pandemic, it will start to focus on profits and sales as its long term objective.
 - (i) Explain the difference between short term and long term objectives of a business. (3)
 - (ii) Why is ITA’s short term objective that of survival and growth? (2)
- e) The management of a business organisation changes drastically depending on whether it is owned by the state or privately owned. Copy the table below on your booklet, and complete with reference to state-owned and privately-owned airlines.

	State-owned airline	Privately-owned airline
Aims		
Sources of finance		
Control		

(6)

- f) Is the Italian public satisfied with the necessity to state-fund the newly founded airline? How would the taxpayers like to see public funds being used? (2)
- g) Briefly define the terms:
 - (i) nationalisation; and (2)
 - (ii) privatisation. (2)
- h) Copy the table below and state:
 - (i) **ONE** argument in favour of nationalisation and **ONE** argument against it; and
 - (ii) **ONE** argument in favour of privatisation and **ONE** argument against it.

	Argument in favour	Argument against
Nationalisation		
Privatisation		

(4)

- i) Market research can help ITA to establish a positive position in the market for the travel industry. What is meant by the term market research? (2)

(Total: 30 marks)

SECTION B

This section consists of five questions.

Answer any THREE questions from this section.

2. a) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

conditions	jobseekers	wages	Jobsplus
part	hours	labour	skills

The Employment and Training Corporation (ETC), now known as (i), was established in August 1990 to provide a public employment service and train persons to improve their (ii) in order to find employment. This organisation excels in meeting the labour market needs of employers, (iii) and employees.

The Employment and Industrial Relations Act (EIRA) is the section of the Maltese legislation that regulates the (iv) market. Among others, this legislation states the minimum working (v) for workers employed in Malta.

When persons apply for a job, the following things should be made known to them:

- the type of employment, example whether the job is full time, (vi) time or simply casual work;
- the amount of (vii) to be earned if taking up such employment;
- the number of (viii) to be worked.

- b) Describe the differences between a definite and indefinite contract of employment. (2)
- c) Motivation affects workers' performance. Maslow's hierarchy of needs is a theory of motivation which states that five levels of human needs influence an individual's behaviour. Name any **FOUR** of the levels that Maslow refers to in his theory. (4)
- d) Below are three cases each leading to the termination of an employee's job. For **each** case indicate whether it is a case of voluntary dismissal, involuntary dismissal or redundancy and briefly state why.

CASE A: Maria has been offered a very favourable job in Brussels. Maria wrote a letter of resignation explaining why she would like to give up her current place of work.

CASE B: The Covid-19 pandemic led to the loss of many jobs in the entertainment industry since many events could no longer be held. Paul, who worked with BestShowsInTown Ltd, was one of these people.

CASE C: George worked as a financial officer with ABC Ltd. He was caught more than once stealing money from the firm. Despite being warned, George continued with his behaviour until his boss terminated his job. (6)

(Total: 20 marks)

Please turn the page.

3. a) Communication is when a message is transferred from one person to another and is understood by the latter. Effective communication involves four basic elements. In the booklet provided, list the **FOUR** elements described below:

- ____ (i) ____: this is the person or party sending the message.
- ____ (ii) ____: this is the method of communication chosen by the sender to divulge his/her/their message.
- ____ (iii) ____: this is the person or party for whom the message is intended.
- ____ (iv) ____: this means that the receiver has got the message and is, in some way, responding to it. This confirms that the message has been received, understood and acted upon. (4)

b) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

feedback	improve	minimises	motivated
managers	communication	misunderstandings	information

Business communication is the process of sharing ____ (i) ____ between people within and outside a company. Effective business ____ (ii) ____ is how employees and management interact to reach organisational goals. Its purpose is to ____ (iii) ____ organisational practices and reduce errors.

Strong communication, particularly from ____ (iv) ____, enables them to better instruct and inform their employees on particular tasks, goals and general performance expectations. This, in turn, ____ (v) ____ the risk of mistakes being made and reduces the likelihood of confusion amongst employees. A good communicator will seek to provide consistent ____ (vi) ____ to their staff, advising them on areas for improvement and giving praise when warranted.

Ineffective communication can create ____ (vii) ____, missed opportunities, conflict, the dissemination of misinformation, and mistrust. This may lead employees to fail to be ____ (viii) ____ to work for such a company or for such a manager who cannot communicate important matters well.

c) Communication can be both internal to the firm and external. Explain what is meant by internal communication and support your answer with an example. (2)

d) The various types of communication used within business organisations, are often classified as verbal, written or visual. Copy the table below on the booklet provided and refer to the **THREE** sets (SET 1, 2, & 3) of advantages and disadvantages provided on next page to:

- (i) state the type of communication for **each** set; and
- (ii) give an example for **each** type of communication mentioned in (i). (6)

	(i) Type of communication	(ii) Example
SET 1		
SET 2		
SET 3		

SET 1:

Advantage: There is hard evidence of the message which can be referred to and help solve disputes in the future over the content of the message.

Disadvantage: The language used might be difficult to understand.

SET 2:

Advantage: Information is transferred quickly.

Disadvantage: Inappropriate for storing accurate and permanent information.

SET 3:

Advantage: Present information in an appealing and attractive way that encourages people to look at it.

Disadvantage: The message might be misunderstood if the receiver does not know how to interpret a technical diagram.

(Total: 20 marks)

4. a) Choose the correct word/phrase from the following table to complete the sentences below. Each word/phrase may be used only once. Write the answers on the booklet provided. (8)

profits	debentures	ordinary shares	retained
overdraft	savings	loan	working capital

A few years ago, Romina had started a business using her personal (i) as capital. She used capital and acquired a (ii) to finance the purchase of non-current assets (fixed assets). Romina also negotiated an (iii) facility with the bank to finance inventory and (iv) requirements.

Building on the success of her business, Romina decided to convert the business into a limited liability company to have access to more capital funds. (v) were issued to increase the size of capital. Some of the (vi) earned were distributed as dividends with the remaining profit being (vii) to further finance growth. Currently the company is in the process of going public to have the possibility of raising more funds to continue to grow. The company will be seeking to borrow from the public by issuing (viii).

- b) Explain **TWO** differences between internal and external sources of finance. Give **ONE** example of **each** source. (5)
- c) What is a barter system? (2)
- d) List **THREE** functions of money and briefly describe **ONE** of the functions. (5)

(Total: 20 marks)

Please turn the page.

5. a) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

segmentation	niche	target	mix
brand	ethics	promote	mass

The marketing ___(i)___ refers to the set of actions that an organisation uses to ___(ii)___ its ___(iii)___ or product in the market. Market ___(iv)___ involves the whole market that is divided into groups based on similar characteristics. In contrast, a ___(v)___ market relates to a more defined specific group of individuals to whom the product will be marketed and sold.

___(vi)___ marketing is creating a product which appeals to all types of consumers whereas ___(vii)___ marketing is aimed at a specific type of consumer. Practicing ___(viii)___ in marketing will safeguard the consumer.

- b) List and explain any **FOUR** of the 7Ps of the marketing mix. (6)
- c) List **TWO** elements of promotion. (2)
- d) Give **TWO** reasons why the use of social media may be an effective promotion tool. (4)

(Total: 20 marks)

6. a) Choose the correct word from the following table to complete the sentences below. Each word may be used only once. Write the answers on the booklet provided. (8)

prices	production	quantity	quality
materials	cost	purchasing	suppliers

The ___(i)___ department identifies the requirements of the business for goods and ___(ii)___. It will need to find reliable ___(iii)___ to meet these requirements. The department is responsible for negotiating ___(iv)___, ensure good ___(v)___ material, and delivery terms. The department is also responsible for setting the order ___(vi)___.

The ___(vii)___ department is responsible for the manufacture of goods. This department is also responsible for the quality of the product and ___(viii)___ control.

- b) Explain the importance of stock control and mention **TWO** negative consequences of inefficient stock control. (4)
- c) Define re-order stock level and minimum stock level. (4)
- d) Distinguish between job and batch production systems. (4)

(Total: 20 marks)