

# BUSINESS STUDIES SYLLABUS

## INTRODUCTION

Business Studies is a dynamic, rigorous subject based on real life experiences and occurrences. It should be presented to the student in such a way as to clearly portray its relevance to everyday life. Furthermore, Business Studies should arouse the student's interest in such a way as to instigate the student to research further and keep abreast with developments as presented in the media. It should be constantly updated to reflect any changes in the economic, commercial, social, political, legal and technological world, with special reference to the Maltese context. Knowledge and understanding of the subject by themselves are not enough, but the student must gradually develop analytical skills, as well as be able to evaluate and solve related problems. Thus, Business Studies should be **a tool for life-long learning**.

Moreover, it should be made clear to the students from the very beginning that the term "Business" is not taken to mean merely the equivalent of the word "negożju" in Maltese, but that it relates to any type of employment, commercial activity or any organisation providing a good or a service.

The nature of the Business Studies syllabus is concentric and therefore at Form 3 level the student is acquainted with a broad spectrum of concepts and knowledge which are then dealt with in more detail and enhanced in the later years.

## AIMS

1. To equip the student with a broad understanding of the activities that take place within a business environment with special reference to the local environment, and the way in which changes in that environment influence business behaviour.
2. To help students realise the dynamic nature of the business world, making them aware of changes in the economic, commercial, social, political, legal and technological spheres, and how these affect business activity.
3. To develop an understanding of the roles and purposes of business activities in the public and private sectors, as well as the diversity and complexity of competitive and monopolistic business activities.
4. To become aware of how the main types of business organisations are set up, organised, financed and operated and their interactions and interdependence with other organisations, consumers, employees, owners and society.
5. To develop an appreciation of the marketing of factor inputs and product outputs of businesses and the forces which determine and control them.
6. To acquire knowledge of the business language, concepts and communication skills in the decision making process.
7. To develop numeracy and literacy skills in the acquisition of data and how to interpret and present such information after it has been analysed.
8. To develop an appreciation of the interdependence of all participants in the working world and how such socio-economic development may be enhanced by the co-operation and ethical behaviour of all individuals, be they employers, employees or consumers.

## ASSESSMENT OBJECTIVES

Students of Business Studies should be able to:

1. Recall knowledge in relation to the specified syllabus content.
2. Use this knowledge in verbal, numerical and diagrammatic form.
3. Explain and use within the context of business, appropriate terminology, concepts, numerical calculations and elementary theories.
4. Recognise, select, interpret and apply data.
5. Organise information and apply it in an appropriate way to the solution of business problems.
6. Distinguish between evidence and opinion, make reasoned judgements and communicate them in an accurate and logical manner.

7. Be catalysts to change by making proposals and suggestions when analysing current situations in the business world.

## EVALUATION

Apart from the various classroom tests, half-yearly and annual papers, as well as the final SEC examination, the students have to carry out:

- A project in Form 3 – which project title is decided upon by the teacher/s concerned.
- A final project which is presented for the SEC examination but which has to be initiated in Form 4 and finalised in Form 5. Titles for this project are presented by the Matsec Board.

The project mark is expressed as a percentage of 15% of the Business Studies assessment mark given at the end of each scholastic year.

# BUSINESS STUDIES

## FORM 3 SYLLABUS (Junior Lyceum)

1	<b>WHAT IS BUSINESS STUDIES?</b> (i) The meaning of the term “business”	Work, employment, trade, profession, occupations, dealings, commercial activities, organisation which provides goods and services
	(ii) Why do we study Business Studies?	To appreciate the activities involved in the daily activities, e.g. activities involved to be able to have a cup of tea.
2	<b>BACKGROUND TO BUSINESS</b> (i) Wants and needs	Define the difference between <i>wants</i> and <i>needs</i> ; needs being a subset of wants. Basic needs: <i>food, shelter, clothing</i> . How wants become needs.
	(ii) Production	Production as an essential activity to <i>provide goods and services to satisfy wants</i> . Types of production: <i>Direct Production</i> and <i>Indirect Production</i> (just a brief description). In Indirect Production mention the importance of <i>exchange</i> . A simple definition of <i>Barter</i> . Explain briefly <i>specialisation by product</i> and <i>specialisation by task (division of labour)</i> .
	(iii) Goods and Services	Distinction between <i>goods (tangible)</i> and <i>services (intangible)</i> . Types of goods and services: <i>consumer goods, capital (producer) goods, durable goods, non-durable (single use) goods, commercial/trade/business services, consumer (direct) services</i> .
	(iv) Factors of Production	Definition of <i>Land</i> : <b>land and all natural resources occurring in the world.</b> <i>Labour</i> : <b>human effort: mental and physical; skilled, semi-skilled, unskilled.</b> Remuneration: <i>wage</i> and <i>salary</i> (define the difference). <i>Capital</i> : <b>resources used for further production.</b> <i>Fixed capital, liquid capital.</i> Make difference between <i>machinery</i> and <i>stocks</i> .

		<p><b>Entrepreneur: the person/s combining the other factors of production, make/s decisions and bear/s risks.</b></p> <p>Mention factor payments (just a brief description)  <i>Land – rent; Labour – wage; Capital – interest; Entrepreneur – profit.</i></p>
	(v) Stages of Production: Primary Production Secondary Production Tertiary Production	<p>Define the terms.</p> <p>Introduce the terms: <i>extraction, manufacturing, construction, processing, assembling, refining, services, distribution.</i></p> <p>Differentiate between <i>direct (consumer) services and commercial services</i></p> <p>The tertiary sector expands as the economy grows.</p>
3	<b>BUSINESS IN SOCIETY</b>	
	(i) Reasons for Business activity	Profit, religious, political and social reasons.
	(ii) How does business affect us	<p><i>Satisfaction, money to spend, tax for government to provide goods and services.</i></p> <p>Can cause <i>unemployment</i> if not successful or following a change.</p>
	(iii) How the government controls business	Just mention that government creates <i>laws to control and help</i> business. No details of laws at this stage.
4	<b>DIFFERENT ECONOMIC SYSTEMS</b>	
	(i) Free Market	<p>Mention alternative names: <i>free market, capitalist economy, laissez-faire;</i></p> <p><i>Command economy, centrally-planned economy, planned economy, state-controlled economy.</i></p> <p>Characteristics of these systems.</p> <p>Give examples of countries in each category.</p> <p>Advantages and disadvantages of each system.</p>
	(ii) Command Economy	
	(iii) Mixed Economy	
	(iv) Subsistence Economy	
5	<b>BUSINESS OWNERSHIP</b>	
	(i) The Private Sector	<p>Definition of the sectors.</p> <p>Characteristics of each sector and types of business.</p> <p>Advantages and disadvantages of each type of business.</p> <p>Define <i>limited</i> and <i>unlimited liability</i>.</p> <p>Difference between <i>private</i> and <i>public companies</i>.</p> <p>Mention and explain <i>active</i> and <i>dormant/sleeping partner</i>.</p> <p><i>Partnership Deed.</i></p> <p>Companies: <i>separate legal existence/corporate personality.</i></p> <p>Explain <i>shares, dividends, shareholders, Annual General Meetings (AGMs), Proxy.</i></p> <p>For all types of firms mention <i>ownership, control &amp; responsibility, motive, finance and distribution of profits.</i> Finance includes <i>ploughing back of profits/retained earnings.</i> Define <i>drawings.</i></p>
	(a) Sole owner, Sole trader, Sole proprietor	
	(b) Partnerships	
	(c) Limited Liability Companies (Joint Stock Companies): Private (Ltd) Public (plc)	
	(d) Co-operatives: Consumer Producer	
	(ii) The Birth of a company	<p><i>Memorandum and Articles of Association</i></p> <p><i>Certificate of Incorporation by Registrar of Companies</i></p> <p>Plc's: <i>prospectus</i> and selling of shares (brief description of the role of the Stock Exchange to sell securities); <i>Trading certificate</i> by the Registrar of Companies.</p>
	(iii) The Public Sector	Meaning and examples of government departments,

	(a) Government Departments (b) Public Corporations (c) Local Councils	public corporations and local councils. For each describe <i>ownership and the day-to-day management, aims, finance and distribution of profits.</i>
	(iv) Public-Private Partnership	Simple explanation.
6	<b>THE BASIC BUSINESS FUNCTIONS</b> (i) Personnel (ii) Finance (iii) Purchasing (iv) Production (v) Marketing (vi) Research & Development	A brief description of the basic functions: <i>personnel, finance, purchasing, production, marketing, research and development.</i> These departments are dealt in more detail later on. Teachers should also refer to the fact that there may be other departments (such as the <i>legal department</i> ) or that certain departments in large firms may be even split up into micro-departments (e.g. marketing: <i>local/foreign marketing, advertising, market research, etc.</i> ). This all depends on the size of the firm. Reference is also to be made to the interdependence of each section.
7	<b>ORGANISATION CHARTS</b> (i) Meaning of Organisation Charts (ii) Line Management (iii) Span of Control (iv) Chain of Command (v) Levels of Authority (vi) Delaying (vii) Centralisation and Decentralisation (viii) Delegation of Authority (ix) Formal structures and Informal Structures	This part of the syllabus should include a brief description and examples of all the points from (i) to (viii) referred to in this section.
8	<b>COMMUNICATION</b> (i) Meaning of communication and its importance to business	Define communication as the passing of information. Uses of communication: <i>passing of factual information, knowledge and items; putting forward opinions; persuading others and negotiating; instructing others and directing them; organising firm's activities.</i> The Act of Communication: <i>two-way process.</i> Process of Communication: <i>Transmitter, message, medium (means of communication), receiver.</i> Meaning and importance of <i>feedback.</i>
	(ii) Different types of communication	Communication Patterns: <i>Internal/External; downward, horizontal, upward.</i> Types of communication or media: <i>Written, Verbal (oral), and Non-Verbal (Visual).</i> Advantages and disadvantages of each type. Different examples of each category: <i>Written – letter, reports, forms, notices, memo, etc.; Verbal – discussions, interviews, speeches, etc.; Non-verbal/Visual – pictures, charts, diagrams, symbols, graphs, dress and grooming, body language such as hand gestures, facial expressions, posture, etc. Meetings including agendas and minutes.</i>
	(iii) Problems encountered in communication or Communication Breakdown and	Problems causing communication breakdown: <i>emotional, social (including the “grapevine”), geographical, language, technical reasons.</i>

	consequences of ineffective communication in business organisations	Importance of: <i>clarity, concentration and correctness</i> for successful communication.
	(iv) Information Technology and communication	<i>Information Technology</i> and communication including definition and examples of information technology, advantages and disadvantages.
9	<b>THE HUMAN RESOURCES FUNCTION</b>	
	(i) Introduction to the HR/Personnel Section	Brief description of all the functions of the Human Resources or Personnel Department of a firm.
	(ii) Theories of Motivation influencing the work of the HR Department	<i>Theories of Motivation and Management Styles affecting the Human Resources Section:</i> Maslow's Hierarchy of Needs; Frederick Hertzberg and the hygiene factors; Douglas McGregor and his theory on X/Y Managers. <i>Autocratic, Democratic and Laissez-faire styles of Management.</i>
	(iii) Population and types of unemployment	Demography as the study of the <i>size and structure</i> of the population – people being the workers and consumers of business. Why demography is important for the businessman and government. Define <i>total population</i> and <i>working population</i> . Population Size: <i>Births and Deaths as the natural effects and Migration.</i> Working Population Size: <i>depending on size of population, school-leaving age, retirement age, non-workers in the working age groups – unemployed, disabled and those having private means, housewives not doing any other work.</i> Population Structure: <i>age distribution (including dependency ratio), sex distribution, geographical distribution, and occupational distribution (Job Distribution).</i> Types of Unemployment: <i>Frictional, Structural, Cyclical, Seasonal, Technological, and Regional. Geographical and Occupational Mobility of Labour.</i>
	(iv) Recruitment and Selection: (a) Job Evaluation, Description and Specification (b) Job Advertising and Applications (c) The Selection Processes (d) The Interview	What constitutes Job evaluation, job description and job specification. Job advertising: including different media and Job centres (Brief reference to ETC). Difference between <i>internal/external advertising</i> . Applying for the job: <i>application forms, letters of application and C.V.</i> The selection process: <i>short-listing of applications.</i> All information about the interview, from point of view of <i>interviewer</i> and <i>interviewee</i> .
10	<b>AN INTRODUCTION TO FINANCE</b>	
	(i) The Finance Department and its Staff	The role of the department and the accountants: <i>financial accountants, cost accountants, management accountants.</i>
	(ii) The main sources of finance for the private sector	Distinction between <i>internal</i> and <i>external</i> sources of finance. <b>Internal Sources:</b> <i>personal savings, retained profits, selling of assets, investing surplus cash and reducing stock.</i> <b>External Sources:</b> <i>trade credit,, bank loans and</i>

		<i>overdrafts, mortgages, leasing &amp; hire purchase, shares issue, debentures and government grants. Issuing of Shares as another way of raising finance.</i>
	(iii) Banks and their services to bs.	Services of banks to business: <i>safekeeping of money, transfer of money, lending of money and other services.</i> Reference to different types of accounts: <i>current, fixed, savings. Safe-deposit boxes and night safes.</i> Refer to: <i>cheques, bank drafts, credit transfers and direct debits, standing orders, cash dispensers – ATM's, plastic money.</i> Lending of money: <i>loans, overdrafts, credit cards, bridging of loans, discounting of bills of exchange. Other services including consultancy and advice; and status checks.</i>
	(iv) Distinction between commercial banks and the Central Bank	A brief overview of the main functions of the Central Bank as distinct from those of commercial banks.
	(v) Income and Expenditure	The difference between revenues and costs of a firm.(Just a simple definition of <i>costs and revenues.</i> )
11	<b>THE MARKETING FUNCTION</b>	
	(i) An introduction to Marketing	Definition of the term marketing. The <i>Marketing Mix: Product, Price, Promotion and Place (distribution channel), People, Process and Physical Evidence.</i> <i>The Marketing Process: market research (including primary data or field research, and secondary data including internal research and printed sources. Refer also to test marketing), product development, marketing strategy (costing and production), distribution (including advertising and selling).</i>
	(ii) The Product Life-Cycle	Describe and illustrate the various stages of the product life-cycle: <i>development or pre-launch, launch or introduction, growth, maturity, saturation, decline and obsolescence.</i> The importance of the product life-cycle for the firm.
	(iii) Branding, Packaging and Pricing	Branded goods and <i>brand names, trademarks, brand loyalty.</i> Packaging: <i>purposes and details found on packaging.</i> Approaches to Pricing: <i>capturing the market/predatory pricing, creaming/skimming the market, penetrating the market.</i> <i>Cost plus pricing and Price discrimination or differential pricing.</i>
	(iv) Demand and Supply	Definition of the terms <i>demand and supply.</i> Drawing of demand and supply curves according to a data schedule. Some discussion on determinants of demand and supply. The <i>price mechanism</i> and the <i>equilibrium point.</i> Reference to <i>shortage and to excess supply or glut.</i>
	(v) The various Channels of Distribution (a) The Wholesale Trade	Different types of channels of distribution for different products. (a) The <u>wholesale trade</u> : <ul style="list-style-type: none"> <li>definition and functions of wholesalers including: <i>bulk-breaking, risk bearing, warehousing, marketing products, delivery, financing production and</i></li> </ul>

	(b) The Retail Trade	<p><i>distribution, etc.</i></p> <ul style="list-style-type: none"> <li>when the wholesaler may be eliminated from the chain of distribution.</li> </ul> <p>(b) The <u>retail trade</u>:</p> <ul style="list-style-type: none"> <li>definition and functions of the retailer</li> <li>recent trends in retailing including: <i>late-shopping hours, periodical shopping, shopping from superstores, and the use of technology such as bar-coding.</i></li> <li>different shopping outlets large and small including: <i>the itinerant or street traders, doorstep selling, automatic vending machines, mail-order, e-commerce, multiple/chain stores, department stores, supermarkets, hypermarkets, etc. (note: advantages and disadvantages of each should be highlighted).</i></li> <li>documents used in the home trade and why they are used, including: <i>letter of inquiry, quotation, price list, estimate, the order, the acknowledgement, the advice note, the consignment note, the invoice, credit and debit notes, statement and receipts.</i></li> </ul>
	(vi) Transport	<p>Various modes of transport: <i>road, rail, sea, canals or inland waterways, air transport and pipelines.</i></p> <p>Advantages and disadvantages relating to the above.</p> <p><i>Containerisation.</i></p>
12	<b>THE PURCHASING FUNCTION</b>	
	(i) Choosing suppliers	<p>Functions of the purchasing department and characteristics of the purchasing staff.</p> <p>Choosing the right suppliers and the advantages/disadvantages of having more than one supplier.</p>
	(ii) Stock Control	<p>Definition of stock control and <i>overstocking</i> as well as <i>under stocking</i> together with their <u>advantages and disadvantages</u>.</p> <p>Meaning of <i>JIT (Just in Time)</i> and <i>FIFO (First in, First out)</i>.</p> <p><i>The Stock Control Card or Stock Record Card</i> with emphasis on <i>Maximum stock level, Minimum Stock level</i> and <i>Re-order level</i>.</p> <p>Reference also to <i>Computerised Stock Record</i> and including the <i>bar code</i>.</p> <p><i>Reasons for inaccurate records of stock.</i></p> <p><i>Periodic or permanent inventory/stock-check.</i></p>
13	<b>THE PRODUCTION FUNCTION</b>	
	(i) The production department	<p>The function of the production department and its links with the other departments.</p> <p><i>Production planning</i> or organising production.</p>
	(ii) Types of production	<p>Reference to the three types of production: <i>unit or job production, flow or mass production, batch production.</i></p> <p>Refer to <i>advantages/disadvantages.</i></p>
	(iii) Quality	<p>The importance of quality in producing.</p> <p>Reference to <i>progress chasers and quality controllers..</i></p>

		<i>Standards with reference to the EU Standards and the CAM (computer aided manufacturing), and CIM (computer integrated manufacturing).</i>
	(iv) Location of Industry	Definition and factors affecting the location of industry in one place and not another depending on the type of production. Refer also to such terms as: <i>footloose firms, industrial inertia.</i>
14	<b>THE RESEARCH &amp; DEVELOPMENT FUNCTION</b>	The functions of this department and its considerations relating to <i>price, practicality and profit.</i> Different types of research: <i>applied research, basic/fundamental research, operational research.</i> <i>CAD (Computer aided design).</i> Meaning of: <i>prototype, test-run, patent and copyright.</i>
15	<b>UNDERSTANDING DATA</b>	Exploration and understanding of the following tools: <i>graphs, pictograms, bar charts, pie charts, percentages and averages.</i>