

BUSINESS STANDARD LEVEL

Paper 5161

Business Organisation and Environment

General comments

There are some issues of continuing concern arising from this examination:

- (i) Invigilators are advised to read out aloud to the candidates the information on the front page so there is no question of misunderstanding how they should proceed.
- (ii) Candidates must read both the case study and the accompanying tasks carefully. They must ensure that they understand precisely what the Examiner wants them to do. Candidates often fail to do themselves justice simply because they either misread or fail to comprehend a task. The invigilator must emphasise that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination paper. They must use that time wisely.
- (iii) The object of having the case study is to expect candidates' responses to be made in *the appropriate context*. This means that responses, unless the task really calls for the repetition of general business knowledge, should be clearly related to the case study. Marks are often lost because the context is disregarded. It is not enough to display knowledge; it needs to be applied to the case study. Teachers should ensure that their candidates understand the importance of context.
- (iv) Candidates should appreciate that a short and focused answer is preferable to one that is lengthy and offers little substance. They need to differentiate between the demands of different value tasks. There is little to be gained from writing a detailed answer to a two-mark task and then giving scant attention to one offering four marks. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write in enough detail to demonstrate to the Examiner that they understand the tasks.
- (v) The tasks mostly ask candidates to *describe* or *explain*, and a typical weakness is that candidates do not always submit enough description or explanation. It is readily acknowledged that the majority of candidates undertake the examination in a second language. Incorrect spelling and grammatical errors are **not** taken into consideration. The demonstration of business knowledge and, where required, the evidence of reasoning, is much more important than the quality of written language. However, it must be emphasised that very poorly expressed answers, especially those which expect the Examiner to guess a candidate's meaning and intention, may not be marked very favourably.
- (vi) Candidates must not underestimate the importance of *time management*. Mostly candidates are able to attempt all the tasks within the allotted time. It is appreciated that an examination will put candidates under pressure but teachers need to instruct them on how to pace themselves and not panic because of the time constraint.
- (vii) Layout of responses still needs attention but mostly scripts seem to be better presented. Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, *but teachers and candidates must acknowledge that these instructions have a purpose*.
- (viii) It is important that all the syllabus is taught; some tasks were weakly answered owing to a general lack of business knowledge. In this examination paper, the whole of **Task 4** was disappointing because candidates were unable to respond appropriately. Very few candidates earned good marks, in fact many responses did not score at all, and yet all the issues were in both the syllabus and the case study.

- (ix) Unfortunately poor examination technique remains an issue and still hinders the achievement of higher marks for most candidates. Teachers are strongly advised to discuss this when preparing their candidates for the examinations. Previous examination papers and the Principal Examiner reports are readily available and it is recommended that they are used during the revision period.

Comments on specific questions

The case study concerned a general partnership called Select Locations which specialised in finding suitable locations for film and television companies. The business operated in the specific geographical area of Australia, Philippines, Indonesia and Malaysia largely because of the climate, the beautiful locations, and costs. The clients were demanding and expected high performance from Select Locations. The responses to tasks needed to take into account the nature of the partnership's business.

Task 1

- (a) Candidates were asked to identify *two features of a general partnership* with each feature earning two marks. Candidates generally tackled this task well and demonstrated their knowledge of the more familiar features but some had confused general partnership with *limited* partnership. Both the case study and the task made it clear that Select Locations was a general partnership which reinforces the points made above about examination technique.

The most important points included the obvious matter of unlimited liability; each partner being liable for the debts of the other partners; one partner's decisions binding the partnership; the possible adoption of a Deed of Partnership. The stronger responses mentioned that a general partnership was an unincorporated business owned by more than two partners and that each partner was technically self-employed.

- (b)(i) For four marks each, explanations for three business objectives were called for and the first one was *'to make a good profit'*. This was not a successful task as most candidates just explained that profit was the difference between turnover and total expenses. The context was making a 'good profit' and the implication of the task was a justification or features of profit e.g. profit was the essential reason for being in business; it was a reward for risk-taking and enterprise; it was a source of internal capital; it represented an attractive return on capital.

- (ii) The second objective was to *'remain competitive'*. Candidates needed to recognise that being competitive helped to ensure the survival of any business. With Select Locations, price was not the only issue as the quality of the service and the professionalism of the staff were all significant aspects of being competitive. It was imperative for Select Locations to be ahead of its competitors in terms of the improvement of its service, ability to choose appropriate locations, and so on.

- (iii) The third objective was that of *'satisfying their clients'*. Like competitiveness, client satisfaction was essential for Select Locations. Film and television producers were very demanding and the partners had to respond accordingly. Film making, being an expensive business, demanded reliable contractors who could meet tight deadlines and deliver high quality advice and services. Select Locations was paid high fees to provide a faultless service so it was necessary to offer 'perfect' arrangements' and so satisfy the clients.

- (c)(i) This task asked candidates to explain the meaning of two business terms. The first was *working capital* and mostly the responses were able to earn the full two marks. Candidates correctly pointed out that it was the finance required for the day to day running of the business but full marks were also available just for the formula: working capital = current assets – current liabilities. A surprising number of candidates just repeated the formula.

- (ii) The second term was *fixed costs* and candidates responded well to this. They acknowledged that fixed costs were those costs which tended not to alter regardless of the amount of business activity e.g. rent, interest charges, insurance. In other words, they were costs which Select Locations had to pay whether or not they had any contracts. One point emerged from this task, and affected many others, and that was the use of the term 'production'. A number of candidates referred, in most answers, to the level of production as if Selection Locations manufactured goods.

Task 2

- (a) Candidates were asked to explain what is meant by a *matrix structure* and then to identify one benefit of it to Select Locations. Two marks were allocated to the definition and two for the benefit. Candidates tended to understand the idea of a matrix but were weak when it came to identifying the benefit. The reason for Select Locations having a structure in the form of a matrix was essentially to encourage a team approach which drew its members from within the business ignoring departmental boundaries; in so doing it created a flatter structure.

The benefit to Select Locations was that it encouraged better coordination of work and projects; offered the staff better opportunities to employ their talents, expertise and skills; and brought together staff from different areas of expertise.

- (b) (i) The definition of *stakeholder* was for most candidates an easy two marks. No elaborate explanation was called for and only a simple statement was required indicating that a stakeholder was a person, persons, or an organisation with a **direct** interest in the performance of Select Locations. A suitable example would have reinforced the definition.
- (ii) The case study referred to their stakeholders as being of equal importance but that '*some are more important than others*'. Candidates were asked to identify two stakeholders and indicate why they should be regarded as the most important. Four marks each were available with one or two given for the selection but three or four for the context, understanding and application. Examiners were looking for knowledgeable responses in context. The choices could have been made from e.g. partners, employees, freelance specialist personnel, bankers, film and television production companies, insurers, suppliers, government departments. Candidates tended to identify appropriate stakeholders but did not always offer a full explanation of why they were the most important.
- (c) (i) With reference to organisational aspects of Select Locations, candidates were asked to define three terms, each for two marks. The first was *target setting*. This was not well done as candidates confused targets with longer term objectives. They needed to point out that partners were responsible for setting realistic and achievable targets for the business essentially over the next year. Targets might relate to e.g. budgeting, cash flows.
- (ii) The second term was the *span of control*. This was quite well done but few demonstrated an application to the case study. The term referred to the number of staff who directly answered to a manager. The flatter structure in Select Locations meant a wide span i.e. a manager had a large number of staff to supervise. Carlos had total span of control because he, as senior partner, managed everybody.
- (iii) The third term was the *chain of command*. Candidates only needed to state that it was the vertical line of authority and responsibility within a business enabling instructions to be passed down from top to bottom. A short chain suggested few layers of hierarchy which made communications more effective. The text indicated that the business was run in the form of a matrix suggesting a flatter structure and so a shorter chain of command.

Task 3

- (a) (i) When managing a film set, Select Locations employed unskilled casual employees. A definition of the term 'casual employee' was required and most responses recognised that they were taken on as and when required by a business. Select Locations took on local labour to fulfil particular short-term roles i.e. on a casual basis. They were paid for what they did and did not, as a rule, receive the benefits normally offered permanent employees. The term was generally understood.
- (ii) Candidates were then asked to suggest one benefit to Select Locations of employing casuals. Like the previous task, two marks were available and, although many were awarded those marks, responses tended to lack appropriate knowledge. Candidates were required only to explain a significant point e.g. Select Locations paid local pay rates to casual employees on a daily basis; the unskilled workforce could be expanded temporarily without incurring large employment costs.

- (b) (i) The partners had firm expectations of their employees and candidates were asked to describe the three mentioned in the case study. This task has become a regular feature of the examination and candidates ought to have been prepared for it. The first was *cooperative attitude* and some discussion for four marks was required. The points to be brought out were that employees were expected to do what they were paid for without creating unnecessary problems; they were expected to carry out any duty or role that could be reasonably asked of them; and they were expected to use their skills to the best advantage. Bearing in mind the nature of the film industry, they were also expected to accept and meet deadlines. Many answers spoke of creating teamwork and willingness to work but few referred to the nature of the industry that the partnership served. Good responses probably explained two firm points in context.
- (ii) The second expectation was *appropriate skills*. The case study made it clear that apart from the casual staff, all other staff had to be skilled. The film industry demanded people who were appropriately trained and experienced. Select Locations employed people in catering, transport, accommodation, management of assets and location sites. Their permanent and freelance staff had to be skilled. Many candidates did not offer a better explanation than a basic one.
- (iii) The third expectation was *efficient and effective work of a high standard*. Considering the nature of the industry and the reputation of Select Locations, efficient and effective work relied on good time-keeping, an ability to work awkward hours, an ability to meet deadlines, a cooperative attitude, willingness to act as part of a team. In terms of the skilled personnel it meant high standards of expertise and workmanship. Responses were fairly average and there was a lack of contextual content.
- (c) Candidates were asked to explain what was meant by teleworking and suggest one benefit it gave Select Locations. The case study mentioned that the partners were often away travelling on business and that they were equipped with laptops and could telework. The answer was, therefore, contained in the case study which ought to have resulted in excellent responses. Many candidates referred to the telephone, which is a form of teleworking but certainly not in the context of the case nor is it the usual view. For the two marks available it was only necessary to explain that teleworking enabled the partners to work in any location e.g. home, train, aeroplane, on location, so long as there was an electronic link between them and the head office in Manila. The essential benefit, again for two marks, was that it assisted the partners in planning their own work schedules, not tying them down to office hours, and keeping in touch with staff wherever they were.

Task 4

- (a) (i) **Task 4** looked at the influence on Select Locations of PEST or external factors. This task has become a regular feature of the paper and candidates ought to have been aware of it. Candidates were asked, for four marks each, to explain how the business might be influenced by three particular issues. The first was *local employment issues*. Most answers missed the point and spoke of the availability of skills despite the case study mentioning the employment of unskilled labour. Reference was made to wage rates but candidates should have focused on such matters as hours of work, acceptable working conditions, any religious or faith issues e.g. prayer time, special food, dress codes, holy days.
- (ii) The second PEST factor was *environmental pressure groups*. Very few responses indicated a real understanding of this influence. The case study made it clear that films were often made in areas of great beauty and that locals might legitimately worry about the effect a production company would have on their environment. The main point to have emphasised here was that the pressure groups could demand guarantees that the company would not cause lasting problems e.g. erosion, pollution, structures built for the film will be removed afterwards. A pressure group could hold up production and cost the film company a lot of money. It was in the company's interest to pay attention to local concerns.
- (iii) Government incentives provided the third influence. They were not specifically mentioned in the case study and candidates were free, therefore, to suggest likely examples of *incentive*. The work and cash-flow created by Select Locations may be welcomed by a Government which would provide certain incentives and support in the form, for example, of licences to operate in a particular region, adjustment of local taxes, work permits, subsidised accommodation.

- (b) (i) The focus here was on the factors which would determine the choice of a particular location. The first was the *supply of reliable labour*. Most of the answers spoke of finding skilled labour when the case study made it clear that Select Locations employed unskilled local labour. Those unskilled positions on location were filled by local labour on a casual basis. Recognising that the film industry worked to tight deadlines and schedules, labour had to be reliable i.e. punctual, able to carry out their tasks, conscientious. Ideally a location should have a ready supply of suitable labour or otherwise it would have to be brought in and at an extra cost.
- (ii) The other location factor was the *availability of facilities*. They were referred to in the case study but without being defined. Candidates were expected, having read the case study, to offer their suggestions. A wide interpretation of the task was therefore expected and marks would be awarded for ideas like, for example, provision of suitable accommodation, access roads, power supply, waste disposal, mobile health centre, possibly some workshops, availability of suppliers. Mostly the answers were limited to obvious facilities like roads.

Task 5

- (a) (i) The film industry worked in the global market while Select Locations worked in the international market. Candidates were asked to define the difference. On the whole, each task offered an easy two marks but there were some responses which confused the two markets. A *global market* is literally a world-wide market. To put the answer into context, candidates could have pointed out that the film industry worked and sold its products throughout the entire world whereas Select Locations worked within a specific geographical area, as given in the case study.
- (ii) The *international market* required only a simple definition: a market which involved Select Locations working in more than one other country. To claim being international, Select Locations needed to operate in several countries as mentioned in the case study i.e. Philippines, Indonesia, Malaysia and Australia.
- (b) (i) This task considered the elements of Select Locations' marketing policy. The first was '*extending the customer base*'. It was a four-mark task and few candidates really developed their responses beyond stating the need to attract more clients. The important point to have made here was that an extension of the customer base meant more opportunities for work. Reliance on repeat business limited their prospects as some of Select Locations' customers may well have gone out of business or changed their operations; it was necessary for Select Locations to secure its future.
- (ii) The second element was '*developing and promoting the image*'. This task was not very well answered largely because candidates did not apply the idea of image to the circumstances. The point to have stressed here was that the image of Select Locations determined how much work the business was awarded. Every contract they undertook somehow affected its image. It was important that each contract was properly managed. Few candidates appreciated that Select Locations needed to be seen as professional and reliable.
- (c) (i) Candidates were asked to explain what was meant by the statement that Select Locations "*..cannot offer the same sort of customer service policy as many other companies..*". The case study made it clear that, while it could comply with legal regulations and maintain good service standards, it could not offer, for example, replacements or a helpline, simply because of the nature of its business. The majority of the responses repeated these points. The focus of the task was that Select Locations was in a specialised business and selling a service; it could offer discounts or refunds on the contract price if anything was below standard; but its policy was to offer a high standard of delivery and meet the specific needs of the clients.
- (ii) The final task was linked to the previous one. Carlos had said that *the business was only as good as its last project* and candidates were invited to explain what he meant. Responses here were mostly unsatisfactory as candidates failed to grasp that Select Locations could lose business if the last project had not been managed and delivered to the expectations of the clients. Any failure on the part of Select Locations would have been known very quickly within the film industry with the likely result of a downturn in business prospects. Bearing in mind what Carlos said, Select Locations would impose pressure on all personnel to perform to the highest standard in order to enhance its reputation.

BUSINESS STANDARD LEVEL

Paper 8928/5162

Effective Business Communication

General comments

This particular cohort demonstrated a good overall knowledge of the subject area and a few candidates excelled overall. However, many of the answers continue to be quite basic. Candidates should be encouraged to provide depth and breadth in their answers. Responses should also be made in the context of the case study whenever possible. Candidates are failing to achieve higher marks by using bullet points instead of more detailed answers.

There is a considerable amount of material available through CIE to support candidates in examination preparation and it is very important to make sure that this material is utilised to support exam answers.

Time management appeared to be less of a problem in this session, with many of the papers having a full set of answers, which is encouraging.

Comments on specific tasks

Section A

Task 1

- (a) In an attempt to ensure that candidates have time to answer tasks relating to visual presentations, the order of the paper was turned around, as in the past many candidates failed to get this far into the paper, or alternatively rushed this task because of poor time management. The result of moving the paper around was not as positive as was hoped and some candidates struggled to provide good answers. Some candidates did not read the requirements of the task carefully, and appeared confused.

The task asked for four ways in which technology could help a visual presentation to the Olympic officials. Good answers would have included computer graphics, using multi-media cards, using graphics and presentation software, using 3D effect graphics. Many candidates took this to mean the technology requirements, such as projectors and TV's.

- (b) **Task 1 (b)** asked candidates to provide an organisation chart. Unfortunately, some candidates wrote about bar charts and graphs instead of organisation charts. This seemed to indicate that candidates did not read the question very carefully and that they may have been writing answers which had been rote-learned prior to the examination session. Candidates must read each task and part task very carefully so that they can identify the key words and respond accurately.

Good answers would have included references to authority, responsibilities, lines of communication, hierarchical issues and the role and status of employees. Few candidates answered this task well.

Task 2

- (a) Writing a memo is a standard feature of Effective Business Communication, and many candidates did relatively well.

Candidates were very good at identifying the overall structure, but were less successful when writing the body of the memo, which is where the information and actions required are found. The body of the memo should have included information on the presentation, confirming the date of the presentation and stressed the importance of the presentation. It is important that candidates realise

that giving the background and the rationale for the communication is very important and expected in this examination.

Good answers would include:

- Logo of the company
- Date
- Who the memo was addressed to i.e. internal staff
- Subject: Presentation
- The body and content of the memo – dates, important information and actions required
- Appropriate closure
- Initials or signature only

The content and tone of the memo should be persuasive and impress upon staff how important the meeting is to the business. The application of the case study is very important. Candidates who write their answers in the context of the case study are more likely to be awarded higher marks.

- (b) Candidates were asked to give two reasons why the concept of ‘two-way’ communication was important. This task was generally quite well answered and candidates considered issues such as helping to provide a better understanding; providing opportunities for employees to ask questions; providing an opportunity to motivate and encourage staff; and opportunities to respond to changing demands or customers.
- (c) This task asked for three suggested ways in which the salon in the case study could use a variety of new technologies.

Answers were generally good and relevant although they did tend to focus on the more traditional methods of communication, such as phone and fax. However, the task was really looking for the use of global emails, email newsletters and Intranets.

Task 3

- (a) **Task 3 (a)** asked what is meant by non-verbal communication and then asked for three examples of non-verbal communication. This task was answered well in terms of an understanding of non-verbal communication in the context of the hair salon.

Non-verbal communication

- Poor facial expressions and gestures
 - Staring
 - Glaring
 - Poor eye contact
 - Folded arms
 - Hands behind ones head
 - Finger pointing
- (b) This task was only a two mark task about tone of voice and why it was important. Candidates did particularly well and often scored full marks here. Good answers mentioned avoiding raising one’s voice, or demonstrating anger and annoyance.
- (c) This task focused on identifying and explaining four difficulties which Richard might face when communicating with team members from other countries. Candidates gave a very narrow range of answers, which largely focused on language and culture. Better answers included time differences, lack of physical contact, misunderstandings arising more easily, and the lack of visual impact.

Task 4

(a) **Task 4 (a)** asked candidates to explain four ways in which groups establish their own 'norms' of behaviour. Sadly many candidates appeared to have little or no idea of what was meant by group norms or what norms were. Answers should have stated that group norms are established through:

- agreed behaviours
- group hierarchy
- group dress codes
- agreed aims and objectives
- nominated leadership of the team
- establishing agreed working practices

(b) **Task 4 (b)** asked for candidates to consider three factors which might influence group effectiveness. Many answers were vague and limited. This type of task has appeared in previous sessions and therefore it was surprising to find that the knowledge and understanding associated with the subject area was quite limited. Good answers would have included references to size of groups, group culture, group relationships, expectations of individuals within the group and group processes for operating.

(c) Candidates were asked to identify and explain three types of informal and formal communication.

Answers appeared muddled, ambiguous and generally quite weak. Often candidates provided answers for formal or informal communication, but not both. It is important that candidates read the task carefully.

Task 5

(a) Candidates were asked to explain three reasons why it is important to hold formal interviews. Candidates again demonstrated a degree of rote-learning or answered a question which they had prepared earlier, rather than the actual task given in the question paper. This task required candidates to consider interviews as a way of passing on information about the person or the organisation, of obtaining and clarifying information about the person or what they had written on their CV. An interview also provides an opportunity to meet the person so that the organisation can decide whether they could establish a good working relationship with the interviewee. Candidates tended to focus upon picking the right person for the job and reviewing the CV rather than the importance of relationships and obtaining information.

(b) Candidates were asked to explain loose, semi-structured and structured interviews. Some answers were vague. It is suggested that Centres ensure that their candidates are better prepared in this area of the syllabus. Candidates should understand the difference between these types of interviews and the importance of using the correct type of interview for a specific purpose. It is clear many candidates knew about recruitment interviews in general but were unable to write about them in any depth.

(c) In the final task of the paper candidates were asked to explain open and closed tasks, using examples. Candidates could often define the difference between the two, but were unable to give sound examples. Examples were often confused, or even missed out of the answer altogether. This is an important area, where tasks appear in each session but in different contexts. Candidates are encouraged to show their understanding of the subject area by responding in the context of the case study.

BUSINESS STANDARD LEVEL

<p>Paper 5163 Business Finance</p>
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General comments

Overall the performance of the candidates who sat the May 2008 examination paper was disappointing with many candidates producing vague answers to the tasks that had been set. Centres are urged to remind candidates of the need for precision when defining terms and the need to address all parts of the tasks. In doing so, the candidates will increase their chances of scoring higher marks. There is also a need for candidates to manage their time more effectively and Centres should instruct their candidates on the need to study the mark allocations more closely in order to maximise the returns for their efforts. Once again, it is necessary to remind Centres that they should be encouraging candidates to provide formulae and workings when they are undertaking tasks that involve calculations. Failure to provide this evidence of how they intend to answer the tasks often leads to the candidates losing marks.

Comments on specific tasks

Task 1

Overall the responses to this task were rather disappointing, with many vague or irrelevant answers being provided.

The answers to **part (a)** were often confused and candidates appeared not to understand the difference between the two types of partnership.

The answers provided to **part (b)** were slightly better and many candidates were able to identify the relevant advantages/disadvantages, but the explanations were not always complete.

The responses provided for **part (c)** were patchy, ranging from being very good to being entirely irrelevant. Some candidates spent far too long on this task and Centres are urged to encourage future candidates to study the mark allocations carefully in order to ensure that they are using their time effectively.

The answers to **part (d)** were generally good with the majority of the candidates able to achieve full marks.

The answers to **part (e)** were rather disappointing with many candidates unable to provide an accurate explanation of how their chosen method of depreciation operated.

Task 2

The answers provided to **part (a)** of this task were either very good or very poor. There appeared to be some confusion as to what constituted a financial record and what could be classified as a book of account. Centres are urged to address this knowledge gap as a matter of urgency.

The answers to **part (b)** were often vague with very few candidates able to provide meaningful explanations as to why it is necessary to produce the listed statements. Again, Centres should address this issue and provide candidates with precise explanations of the nature and roles of the financial statements.

Task 3

The answers provided to all parts of this task were quite encouraging with many candidates scoring high marks. Centres are to be congratulated for preparing the candidates well in this area of the syllabus.

Task 4

Overall the answers to this task were disappointing. Most candidates were able to provide satisfactory answers to **part (a)**, but their answers to **part (b)** were often vague or incomplete. **Part (b)** required the candidates to explain how the PEST factors would affect profitability and the answers should therefore refer to the likely effects on revenue and/or costs, and ultimately on the level of profits. This linkage was very seldom identified and as a result the candidates lost marks.

Task 5

The answers provided for this task were either very good or very poor. The weaker candidates appeared to have little knowledge of the concept of contribution or how to calculate the contribution of the products. They did, however, appear to know how to calculate the level of profit. The better candidates were able to complete all calculations correctly and they also provided formulae to demonstrate their methods of providing solutions. This practice is recommended to all future candidates as being a necessity.

BUSINESS STANDARD LEVEL

Paper 8928/5164

Marketing

General comments

It is very pleasing to report that most Centres achieved very good marks for this paper this session. Good candidates know the syllabus well, and are able to identify the relevant concepts required by each task. They also apply these concepts to the material in the case study.

Candidates still, perhaps under the pressure of the examination situation, do not always read/analyse the requirements of the task sufficiently. Teachers/tutors can help candidates develop this skill by discussing past paper tasks during teaching sessions. The specifics of each task for this paper are detailed in the sections that follow.

Comments on specific tasks

Task 1

- (a) The first part of this task looked for candidates to give a definition of marketing. Generally, candidates were able to do so for the five marks that were available. A variety of definitions were accepted by Examiners and all centred on satisfying the needs of customers.
- (b) The second part of this task was also generally done well by many candidates. Most were able to identify benefits that were relevant to the case study and could be achieved by marketing. Some marks were lost through lack of expansion on the benefits identified. There were five marks available for each explanation and that should indicate to candidates that more than just one sentence is required. For example, one benefit that marketing could offer is 'the opportunity for Glass Crafts to enter new markets'. However, although this was identified by many candidates, the statement above would only attract one or two of the five marks available. Candidates were expected to expand on this by explaining that offering mail order or Internet ordering (the way in which the business could enter a new market) to tourists (who are the market/customers attracted) would enable the tourists to buy more products after they return home.

Task 2

This task explored the role of marketing research.

- (a) This part of the task was generally done well. Five marks were available for simply listing the stages of the marketing research process. The other half of the ten marks available were given for explaining each of these stages.
- (b) There were three sections to this part of the question. Candidates who understood the difference between primary and secondary research were able to gain high marks here and most were able to give good examples that were relevant to the case study.

Task 3

This task explored segmentation in general, and referred to that competence criterion. Most candidates were able to define segmentation and explain bases for segmentation and scored high marks. As in **Task 1**, some marks were lost for lack of expansion in part (b) of this task. It was good to see that some candidates were able to recommend an appropriate method of segmentation for the company in the case study.

Task 4

This task focused on two specific areas of the marketing audit stage of the marketing planning process. Those who attempted this question generally did well.

- (a) The marks for this part of the question were split three ways –
- 4 marks for spelling out what the letters in the acronym PEST stand for
 - 4 marks for general examples
 - 4 marks for examples specific to the case study

Most candidates were able to do this well and gained high marks.

- (b) This part of the question also awarded one mark for each of the letters explained and a further four marks were available for explaining where the points in the analysis come from and how it is used. This was also generally done very well.

Task 5

This final task assesses the candidates' understanding of the competence relating to the importance and impact of each element of the marketing mix. On this occasion, the task linked to the case study, and the potential for entering a new market when tourists returned home.

- (a) Each of the 7Ps of the marketing mix were allocated two marks. Although many candidates could describe these generically it was rarer to see a mix that was related to the specifics of the case study and the task.
- (b) This part of the question was not done as well. Those who recognised that it was important to try to build relationships with the tourists who visit the shop in order to build loyalty and retain their business when they return home received good marks, particularly if they were able to state how Glass Crafts might do so.

BUSINESS STANDARD LEVEL

Paper 5165

Human Resource Management

General comments

The general standard of answers to the paper in this session has improved. However, there are still candidates who do not refer to the case study, but they are less than previously. The message that **part (a)** of each task only requires a list, as stated in the requirements for the task, has been noted by the majority of candidates and fewer now write at length for this part of the task.

What is of concern is that some Centres are clearly favouring certain parts of the syllabus at the expense of other areas. The entire syllabus needs to be covered but only to the depth specified. To go beyond the depth specified does not give the candidates any extra advantage.

This was a paper that all of the candidates were able to access, with only five percent answering fewer than the required number of tasks.

Comments on specific tasks

Task 1

- (a) There are still some candidates who are confused between types of employment contract and the ways of organising work. As always the answers were given in the text and this was not a test of memory but whether the candidate could spot the answers in the case study.
- (b) There appears to be some confusion between the two documents, one stating the duties and responsibilities and the other the qualities and characteristics. Many candidates wasted time explaining how the documents were produced and why, rather than what they were.
- (c) This task asked for a slightly different approach, which the majority of the candidates were able to respond to. Some candidates simply stated that they were different jobs but many looked at skill levels and the nature of the job itself, this was very pleasing and shows an excellent understanding of this part of the syllabus.

Task 2

- (a) This part of the task was answered very well with the majority of the candidates receiving full marks.
- (b) Candidates clearly favoured induction training rather than on-the-job training. It is difficult to know if this is a reflection of the emphasis placed on these two concepts by the Centres or just the candidate's preferences. However a significant number failed to answer both parts of this task.
- (c) A significant number of candidates failed to answer this task properly, preferring instead to explain the meaning of fringe benefits. Candidates need to be reminded that they must read and answer the task set and refer at all times to the case study material, which is why it is provided.

Task 3

- (a) This was probably the only part **(a)** task that produced a detailed written response rather than a list as requested. A significant number of candidates decided to generalise about labour markets and list or discuss all the possible factors. Candidates should remember that if four features are asked for and four marks are allocated, then they must provide all four to achieve the maximum mark.
- (b) This task was completed very competently by the majority of the candidates. This topic is clearly well taught at all of the Centres and understood by the candidates.
- (c) In contrast to the previous parts of this task, this part was poorly answered. Candidates appear to only have a very basic knowledge of the laws relating to Human Resource Management (HRM). Equal Opportunities and to a lesser extent Health and Safety are understood but aspect such as maternity/paternity leave, minimum wage and employment regulations appear to be missing.

Task 4

- (a) Candidates continue to be confused between the meaning and purpose of HRM. Many answers were a generalisation of every function that HRM carries out. Too many candidates think that the purpose of HRM is recruitment and keeping the staff happy.
- (b) A similar comment applies here in that many answers were a generalisation of every function that HRM carries out. Too many candidates repeated their answers to **part (a)**. The meaning of HRM is clearly given in the syllabus and candidates should be able to quote this.
- (c) Candidates clearly understand the concepts of a centralised or decentralised HRM but the majority seemed unable to move beyond description to explain the potential drawbacks of a decentralised approach. Candidates must be encouraged to look beyond the purely operational aspect.

Task 5

- (a) Candidates were able to answer this task with few errors; however, many are still quoting accountabilities which no longer exist in the syllabus, having been removed in 2007.
- (b) This area of the syllabus is a weakness. Few candidates were able to describe works councils, committees and worker directors. Too many candidates believe that discipline and grievance systems are methods of communication rather than methods for resolving conflict.
- (c) The majority of candidates understand and can explain how a discipline and grievance system operates. Far fewer were able to link this to the business in the case study and hence prevented themselves from obtaining the top marks.

BUSINESS STANDARD LEVEL

Paper 5169

Business Organisation and Environment

General comments

There are some issues of continuing concern arising from this examination:

- (i) Invigilators are advised to read out aloud to the candidates the information on the front page so there is no question of misunderstanding how they should proceed.
- (ii) Candidates must read both the case study and the accompanying tasks carefully. They must ensure that they understand precisely what the Examiner wants them to do. Candidates often fail to do themselves justice simply because they either misread or fail to comprehend a task. The invigilator must emphasise that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination paper. They must use that time wisely.
- (iii) The object of having the case study is to expect candidates' responses to be made in *the appropriate context*. This means that responses, unless the task really calls for the repetition of general business knowledge, should be clearly related to the case study. Marks are often lost because the context is disregarded. It is not enough to display knowledge; it needs to be applied to the case study. Teachers should ensure that their candidates understand the importance of context.
- (iv) Candidates should appreciate that a short and focused answer is preferable to one that is lengthy and offers little substance. They need to differentiate between the demands of different value tasks. There is little to be gained from writing a detailed answer to a two-mark task and then giving scant attention to one offering four marks. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write in enough detail to demonstrate to the Examiner that they understand the tasks.
- (v) The tasks mostly ask candidates to *describe* or *explain*, and a typical weakness is that candidates do not always submit enough description or explanation. It is readily acknowledged that the majority of candidates undertake the examination in a second language. Incorrect spelling and grammatical errors are **not** taken into consideration. The demonstration of business knowledge and, where required, the evidence of reasoning, is much more important than the quality of written language. However, it must be emphasised that very poorly expressed answers, especially those which expect the Examiner to guess a candidate's meaning and intention, may not be marked very favourably.
- (vi) Candidates must not underestimate the importance of *time management*. Mostly candidates are able to attempt all the tasks within the allotted time. It is appreciated that an examination will put candidates under pressure but teachers need to instruct them on how to pace themselves and not panic because of the time constraint.
- (vii) Layout of responses still needs attention but mostly scripts seem to be better presented. Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, *but teachers and candidates must acknowledge that these instructions have a purpose*.
- (viii) It is important that all the syllabus is taught; some tasks were weakly answered owing to a general lack of business knowledge. In this examination paper, the whole of **Task 4** was disappointing because candidates were unable to respond appropriately. Very few candidates earned good marks, in fact many responses did not score at all, and yet all the issues were in both the syllabus and the case study.

- (ix) Unfortunately poor examination technique remains an issue and still hinders the achievement of higher marks for most candidates. Teachers are strongly advised to discuss this when preparing their candidates for the examinations. Previous examination papers and the Principal Examiner reports are readily available and it is recommended that they are used during the revision period.

Comments on specific questions

The case study concerned a general partnership called Select Locations which specialised in finding suitable locations for film and television companies. The business operated in the specific geographical area of Australia, Philippines, Indonesia and Malaysia largely because of the climate, the beautiful locations, and costs. The clients were demanding and expected high performance from Select Locations. The responses to tasks needed to take into account the nature of the partnership's business.

Task 1

- (a) Candidates were asked to identify *two features of a general partnership* with each feature earning two marks. Candidates generally tackled this task well and demonstrated their knowledge of the more familiar features but some had confused general partnership with *limited* partnership. Both the case study and the task made it clear that Select Locations was a general partnership which reinforces the points made above about examination technique.

The most important points included the obvious matter of unlimited liability; each partner being liable for the debts of the other partners; one partner's decisions binding the partnership; the possible adoption of a Deed of Partnership. The stronger responses mentioned that a general partnership was an unincorporated business owned by more than two partners and that each partner was technically self-employed.

- (b)(i) For four marks each, explanations for three business objectives were called for and the first one was *'to make a good profit'*. This was not a successful task as most candidates just explained that profit was the difference between turnover and total expenses. The context was making a 'good profit' and the implication of the task was a justification or features of profit e.g. profit was the essential reason for being in business; it was a reward for risk-taking and enterprise; it was a source of internal capital; it represented an attractive return on capital.

- (ii) The second objective was to *'remain competitive'*. Candidates needed to recognise that being competitive helped to ensure the survival of any business. With Select Locations, price was not the only issue as the quality of the service and the professionalism of the staff were all significant aspects of being competitive. It was imperative for Select Locations to be ahead of its competitors in terms of the improvement of its service, ability to choose appropriate locations, and so on.

- (iii) The third objective was that of *'satisfying their clients'*. Like competitiveness, client satisfaction was essential for Select Locations. Film and television producers were very demanding and the partners had to respond accordingly. Film making, being an expensive business, demanded reliable contractors who could meet tight deadlines and deliver high quality advice and services. Select Locations was paid high fees to provide a faultless service so it was necessary to offer 'perfect' arrangements' and so satisfy the clients.

- (c)(i) This task asked candidates to explain the meaning of two business terms. The first was *working capital* and mostly the responses were able to earn the full two marks. Candidates correctly pointed out that it was the finance required for the day to day running of the business but full marks were also available just for the formula: working capital = current assets – current liabilities. A surprising number of candidates just repeated the formula.

- (ii) The second term was *fixed costs* and candidates responded well to this. They acknowledged that fixed costs were those costs which tended not to alter regardless of the amount of business activity e.g. rent, interest charges, insurance. In other words, they were costs which Select Locations had to pay whether or not they had any contracts. One point emerged from this task, and affected many others, and that was the use of the term 'production'. A number of candidates referred, in most answers, to the level of production as if Selection Locations manufactured goods.

Task 2

- (a) Candidates were asked to explain what is meant by a *matrix structure* and then to identify one benefit of it to Select Locations. Two marks were allocated to the definition and two for the benefit. Candidates tended to understand the idea of a matrix but were weak when it came to identifying the benefit. The reason for Select Locations having a structure in the form of a matrix was essentially to encourage a team approach which drew its members from within the business ignoring departmental boundaries; in so doing it created a flatter structure.

The benefit to Select Locations was that it encouraged better coordination of work and projects; offered the staff better opportunities to employ their talents, expertise and skills; and brought together staff from different areas of expertise.

- (b) (i) The definition of *stakeholder* was for most candidates an easy two marks. No elaborate explanation was called for and only a simple statement was required indicating that a stakeholder was a person, persons, or an organisation with a **direct** interest in the performance of Select Locations. A suitable example would have reinforced the definition.
- (ii) The case study referred to their stakeholders as being of equal importance but that '*some are more important than others*'. Candidates were asked to identify two stakeholders and indicate why they should be regarded as the most important. Four marks each were available with one or two given for the selection but three or four for the context, understanding and application. Examiners were looking for knowledgeable responses in context. The choices could have been made from e.g. partners, employees, freelance specialist personnel, bankers, film and television production companies, insurers, suppliers, government departments. Candidates tended to identify appropriate stakeholders but did not always offer a full explanation of why they were the most important.
- (c) (i) With reference to organisational aspects of Select Locations, candidates were asked to define three terms, each for two marks. The first was *target setting*. This was not well done as candidates confused targets with longer term objectives. They needed to point out that partners were responsible for setting realistic and achievable targets for the business essentially over the next year. Targets might relate to e.g. budgeting, cash flows.
- (ii) The second term was the *span of control*. This was quite well done but few demonstrated an application to the case study. The term referred to the number of staff who directly answered to a manager. The flatter structure in Select Locations meant a wide span i.e. a manager had a large number of staff to supervise. Carlos had total span of control because he, as senior partner, managed everybody.
- (iii) The third term was the *chain of command*. Candidates only needed to state that it was the vertical line of authority and responsibility within a business enabling instructions to be passed down from top to bottom. A short chain suggested few layers of hierarchy which made communications more effective. The text indicated that the business was run in the form of a matrix suggesting a flatter structure and so a shorter chain of command.

Task 3

- (a) (i) When managing a film set, Select Locations employed unskilled casual employees. A definition of the term 'casual employee' was required and most responses recognised that they were taken on as and when required by a business. Select Locations took on local labour to fulfil particular short-term roles i.e. on a casual basis. They were paid for what they did and did not, as a rule, receive the benefits normally offered permanent employees. The term was generally understood.
- (ii) Candidates were then asked to suggest one benefit to Select Locations of employing casuals. Like the previous task, two marks were available and, although many were awarded those marks, responses tended to lack appropriate knowledge. Candidates were required only to explain a significant point e.g. Select Locations paid local pay rates to casual employees on a daily basis; the unskilled workforce could be expanded temporarily without incurring large employment costs.

- (b) (i) The partners had firm expectations of their employees and candidates were asked to describe the three mentioned in the case study. This task has become a regular feature of the examination and candidates ought to have been prepared for it. The first was *cooperative attitude* and some discussion for four marks was required. The points to be brought out were that employees were expected to do what they were paid for without creating unnecessary problems; they were expected to carry out any duty or role that could be reasonably asked of them; and they were expected to use their skills to the best advantage. Bearing in mind the nature of the film industry, they were also expected to accept and meet deadlines. Many answers spoke of creating teamwork and willingness to work but few referred to the nature of the industry that the partnership served. Good responses probably explained two firm points in context.
- (ii) The second expectation was *appropriate skills*. The case study made it clear that apart from the casual staff, all other staff had to be skilled. The film industry demanded people who were appropriately trained and experienced. Select Locations employed people in catering, transport, accommodation, management of assets and location sites. Their permanent and freelance staff had to be skilled. Many candidates did not offer a better explanation than a basic one.
- (iii) The third expectation was *efficient and effective work of a high standard*. Considering the nature of the industry and the reputation of Select Locations, efficient and effective work relied on good time-keeping, an ability to work awkward hours, an ability to meet deadlines, a cooperative attitude, willingness to act as part of a team. In terms of the skilled personnel it meant high standards of expertise and workmanship. Responses were fairly average and there was a lack of contextual content.
- (c) Candidates were asked to explain what was meant by teleworking and suggest one benefit it gave Select Locations. The case study mentioned that the partners were often away travelling on business and that they were equipped with laptops and could telework. The answer was, therefore, contained in the case study which ought to have resulted in excellent responses. Many candidates referred to the telephone, which is a form of teleworking but certainly not in the context of the case nor is it the usual view. For the two marks available it was only necessary to explain that teleworking enabled the partners to work in any location e.g. home, train, aeroplane, on location, so long as there was an electronic link between them and the head office in Manila. The essential benefit, again for two marks, was that it assisted the partners in planning their own work schedules, not tying them down to office hours, and keeping in touch with staff wherever they were.

Task 4

- (a) (i) **Task 4** looked at the influence on Select Locations of PEST or external factors. This task has become a regular feature of the paper and candidates ought to have been aware of it. Candidates were asked, for four marks each, to explain how the business might be influenced by three particular issues. The first was *local employment issues*. Most answers missed the point and spoke of the availability of skills despite the case study mentioning the employment of unskilled labour. Reference was made to wage rates but candidates should have focused on such matters as hours of work, acceptable working conditions, any religious or faith issues e.g. prayer time, special food, dress codes, holy days.
- (ii) The second PEST factor was *environmental pressure groups*. Very few responses indicated a real understanding of this influence. The case study made it clear that films were often made in areas of great beauty and that locals might legitimately worry about the effect a production company would have on their environment. The main point to have emphasised here was that the pressure groups could demand guarantees that the company would not cause lasting problems e.g. erosion, pollution, structures built for the film will be removed afterwards. A pressure group could hold up production and cost the film company a lot of money. It was in the company's interest to pay attention to local concerns.
- (iii) Government incentives provided the third influence. They were not specifically mentioned in the case study and candidates were free, therefore, to suggest likely examples of *incentive*. The work and cash-flow created by Select Locations may be welcomed by a Government which would provide certain incentives and support in the form, for example, of licences to operate in a particular region, adjustment of local taxes, work permits, subsidised accommodation.

- (b) (i) The focus here was on the factors which would determine the choice of a particular location. The first was the *supply of reliable labour*. Most of the answers spoke of finding skilled labour when the case study made it clear that Select Locations employed unskilled local labour. Those unskilled positions on location were filled by local labour on a casual basis. Recognising that the film industry worked to tight deadlines and schedules, labour had to be reliable i.e. punctual, able to carry out their tasks, conscientious. Ideally a location should have a ready supply of suitable labour or otherwise it would have to be brought in and at an extra cost.
- (ii) The other location factor was the *availability of facilities*. They were referred to in the case study but without being defined. Candidates were expected, having read the case study, to offer their suggestions. A wide interpretation of the task was therefore expected and marks would be awarded for ideas like, for example, provision of suitable accommodation, access roads, power supply, waste disposal, mobile health centre, possibly some workshops, availability of suppliers. Mostly the answers were limited to obvious facilities like roads.

Task 5

- (a) (i) The film industry worked in the global market while Select Locations worked in the international market. Candidates were asked to define the difference. On the whole, each task offered an easy two marks but there were some responses which confused the two markets. A *global market* is literally a world-wide market. To put the answer into context, candidates could have pointed out that the film industry worked and sold its products throughout the entire world whereas Select Locations worked within a specific geographical area, as given in the case study.
- (ii) The *international market* required only a simple definition: a market which involved Select Locations working in more than one other country. To claim being international, Select Locations needed to operate in several countries as mentioned in the case study i.e. Philippines, Indonesia, Malaysia and Australia.
- (b) (i) This task considered the elements of Select Locations' marketing policy. The first was '*extending the customer base*'. It was a four-mark task and few candidates really developed their responses beyond stating the need to attract more clients. The important point to have made here was that an extension of the customer base meant more opportunities for work. Reliance on repeat business limited their prospects as some of Select Locations' customers may well have gone out of business or changed their operations; it was necessary for Select Locations to secure its future.
- (ii) The second element was '*developing and promoting the image*'. This task was not very well answered largely because candidates did not apply the idea of image to the circumstances. The point to have stressed here was that the image of Select Locations determined how much work the business was awarded. Every contract they undertook somehow affected its image. It was important that each contract was properly managed. Few candidates appreciated that Select Locations needed to be seen as professional and reliable.
- (c) (i) Candidates were asked to explain what was meant by the statement that Select Locations "*..cannot offer the same sort of customer service policy as many other companies..*". The case study made it clear that, while it could comply with legal regulations and maintain good service standards, it could not offer, for example, replacements or a helpline, simply because of the nature of its business. The majority of the responses repeated these points. The focus of the task was that Select Locations was in a specialised business and selling a service; it could offer discounts or refunds on the contract price if anything was below standard; but its policy was to offer a high standard of delivery and meet the specific needs of the clients.
- (ii) The final task was linked to the previous one. Carlos had said that *the business was only as good as its last project* and candidates were invited to explain what he meant. Responses here were mostly unsatisfactory as candidates failed to grasp that Select Locations could lose business if the last project had not been managed and delivered to the expectations of the clients. Any failure on the part of Select Locations would have been known very quickly within the film industry with the likely result of a downturn in business prospects. Bearing in mind what Carlos said, Select Locations would impose pressure on all personnel to perform to the highest standard in order to enhance its reputation.