

BUSINESS STANDARD LEVEL

Paper 8928/5161

Business Organisation and Environment

General comments

The information on the front page should be read out aloud to the candidates to avoid any misunderstanding about how they should proceed.

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.

An expectation of the case study is that candidates will respond in the appropriate context. This means that, unless the task calls for general business knowledge, answers should be clearly related to the case study. Marks are often lost because the context is disregarded. It is not enough to display knowledge and teachers should ensure that their candidates understand the importance of context. Potentially excellent answers to the 4 mark tasks in this examination paper were penalised and awarded no more than 3 marks owing to the lack of context. The loss of even a few marks in this way can prohibit a candidate from getting a higher grade.

Candidates must 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 2-mark task and then giving scant attention to one offering 4 marks. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write sufficient detail to demonstrate to the Examiner that they understand the tasks.

Candidates are mostly asked to describe or explain, and a typical failing is an insufficiency of description or explanation. The majority of candidates sit the examination in a second language and 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.

Candidates must not underestimate the importance of time management. The evidence indicates that all the tasks are completed 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.

The layout of responses still needs attention but generally 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.

Unfortunately poor examination technique remains an issue and still hinders the achievement of higher marks for many candidates. Teachers are strongly advised to address the subject 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.

There are still candidates who insist on copying out the tasks. It is not necessary and wastes valuable examination time. Weaker candidates often respond to tasks by copying out segments of the case study which prohibits the award of full marks.

Comments on specific questions

The case study dealt with a company trading as Pedal-Power and located in the Philippines where it rented bicycles to tourists to encourage them to explore the country at a more leisurely pace. The responses to tasks needed to take into account the nature, objectives, and features of the business.

Question 1

- (a) Pedal-Power chose to be a private company believing that this had advantages over being a public limited company. Candidates were asked to offer two features or benefits which indicated advantages to Pedal-Power. A well written sentence for each feature or benefit sufficed and the main points were to be drawn from a familiar list, e.g. no compulsion to publish accounts; shares cannot be traded on the open market and can only be transferred with the agreement of the other shareholders; the company is not vulnerable to any take-over bid. A number of candidates suggested limited liability and life in perpetuity but both these are also features of a public limited company.
- (b) The three elements of this task called for explanations of Pedal-Power's business objectives. The following three issues were all linked so there was some overlap or repetition in the responses. The overlap was acceptable so long as context was not ignored. Mostly, the responses were not well articulated and earned, in the main, only half marks.
- (i) Clearly Pedal-Power was not influential enough to make a huge difference but it could positively affect the families of its workforce. The essential point required here was that employment enabled Pedal-Power's staff to keep themselves and their families. Also, better earnings meant the ability to pay taxes which in turn brought benefits to the community. Equally more opportunities in tourism would create more jobs in the economy. Mostly the responses dealt with the employment aspect and some referred to Government rather than to the company.
- (ii) The focus was not just on Pedal-Power but also on the general multiplier effect given the company's success. The basic point was that Pedal-Power could not survive without employees and their skills; secondly, the employees' expenditure helped employ others; and thirdly, encouraging tourists would in turn create more employment opportunities.
- (iii) Again, picking up on the comment made in (i) above, Pedal-Power's influence was limited but it could contribute in its own way to the economy. Candidates needed to recognise that encouraging tourists meant more foreign exchange; tourists expected high quality standards in infrastructure, hotels, restaurants; and tourists' money and the employment it created meant a more active economy. Few candidates referred to foreign exchange nor indeed to the infrastructure. Instead there was mostly discussion on employment which was the focus of (ii) above.
- (c) The company did not accept credit payments and only accepted cash. The task asked for an explanation of the difference between cash and credit payments. This was not a successful task as most interpreted it as 'pay now' on the one hand and 'pay later' on the other. There were many answers which dealt with credit in terms of trade credit rather than relate it to the situation. Essentially candidates needed to define cash as consisting of notes and coins and therefore Pedal-Power's services were paid for in hard currency. Credit transactions mostly relied upon credit or debit cards with payment being made on the understanding that a bank would credit Pedal Power's bank account with the appropriate sum. A few appreciated these points but none suggested that credit or debit cards were regarded as near-cash.

Question 2

- (a) The organisational structure of Pedal-Power was in the form of a matrix. Candidates were asked to explain what was meant by a matrix structure and to give one benefit of it to Pedal-Power. Mostly candidates understood this concept but gave generic and standard answers. What was required was reference to the company's team approach which drew its multi-skilled members from within the business ignoring any departmental boundaries. Being in the form of a matrix meant that the absence of an hierarchical structure and so a flatter structure was created.
- (b)(i) Having studied organisational structure, this task should not have posed any difficulty. Most candidates understood it but few earned full marks. The way into this task was to establish 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 which suggested a flatter structure.
- (ii) Most responses indicated that span of control referred to the number of staff answerable to any one director/manager/supervisor and that a wide span meant that a person had many staff to direct. These points were, in the main, recognised by the candidates but hardly anyone mentioned that the three founders had a wide span of control because they did not have a hierarchical structure (a link with (i) above).
- (iii) This term, in context, proved quite hard for candidates and very few demonstrated understanding. Using the reference to the organisation of the company, candidates needed to explain that the lack of a hierarchy, and the matrix structure, meant that the three founders had a hands-on approach to the business. Further, despite team-working, the founders (owners) took the final decisions and so had the responsibility for the direction of the company. Another aspect was that employees were expected to be multi-skilled and to have areas of responsibility – failure to deliver meant they had to account for their actions. Most answers dealt with managers being answerable for their actions and candidates were awarded appropriately.
- (c)(i) The history of this subject matter has never been promising but candidates seemed to grasp a basic idea. The explanation should have said that a non-executive director was not employed by Pedal-Power and as such had no day-to-day involvement. A number of responses suggested that such a director took no part in decision-making which, clearly, was not the case as decisions were taken in Board meetings. A non-executive director could be invited to join the Board because of expertise (e.g. tourism) or the representation of a stakeholder (e.g. the bank).
- (ii) The second task was to explain one advantage to the Board of appointing non-executive directors. Many responses hinted at a consultancy role but very few suggested that not being directly involved in the business meant that the non-executive director was more likely to be independent and offer unbiased advice. The important point was that the director could bring an outside view to Board discussions.

Question 3

- (a) (i)** Pedal-Power did not offer flexitime but did encourage job sharing. This task called for an explanation of job sharing. Candidates only had to point out that it referred to one full-time job being undertaken by two people who split the working week (or other suitable time period) between them (mostly on a 50:50 basis) with each employee being paid pro-rata. In this case a generic response was acceptable.
- (ii)** Candidates were then asked to identify one benefit of job sharing to Pedal-Power. This was quite an easy task but some responses ignored the essential point that they had to define the benefit of it to the company. There were suggestions that the work would be done faster which indicated a misunderstanding of how job sharing worked and also of the nature of the company's business. Mostly, however, candidates recognised that the system provided Pedal-Power with two people applying fresher minds to the task. It also enabled employees to contribute to the company on a part-time basis.
- (b) (i)** The case study said that casual staff were taken on during the height of the tourist season as and when required. This task called for a description of what was meant by a casual employee. Pedal-Power took on local labour to fulfil particular short-term roles which arose owing to increasing business at certain times in the year. They were paid for what they did but did not necessarily receive the benefits normally offered permanent employees. There was some general understanding of what casuals were but many thought they were retired and/or unskilled. There may have been some retired persons among the casuals but the company expected all its employees to be skilled at something. They worked whenever needed and that could mean a few hours or a few days.
- (ii)** Some staff were appointed on fixed term contracts. Candidates were asked to explain the meaning of a fixed term contract and it was generally understood that the employment contract ran for a specific fixed term e.g. one year, and expired at the end of that term. What was not always appreciated was that such an employee was generally treated as permanent in respect of pay and any benefits. Satisfactory work could mean Pedal-Power offering a follow-on contract.
- (c) (i)** This task really called for the identification of maybe a couple of familiar points supported by brief explanation e.g. good time-keeping; willingness to work awkward hours and to meet deadlines; cooperative attitude; perform well as part of a team; high standards of expertise and workmanship. Most candidates recognised this approach but few actually defined the meaning of effective and efficient i.e. producing the desired result on the one hand and doing so competently without waste on the other.
- (ii)** The majority of responses tended to be similar in that they mentioned supporting the company's objectives. That point was acceptable but it required some explanation e.g. in return for pay and benefits employees were expected to support their employer; supporting the business meant more chance of long term employment; commitment to Pedal-Power could result in profitable business and staff opportunities. In short, the success of the company and welfare of the employees were the same.
- (iii)** The case study made mention that employees worked in one or more teams so it was important they were able to work with their colleagues. The points to have considered included, for example, the ability to fit into a team and contribute to achieving tasks; having a co-operative attitude; being willing to share ideas and take advice; the ability and willingness to work on one's own with the minimum of supervision; the ability to know what any task requires and readiness to resolve problems. A couple of points well explained was all that was required. Candidates tended to produce some fair answers mostly endorsing the ability and willingness to get on with the job.

Question 4

- (a) The three elements of this task focused on the ways in which Pedal-Power might be influenced by certain external or PEST factors. The prevailing weakness here was that the influence on Pedal-Power was not really addressed.
- (i) Candidates were asked to explain how the company might be influenced by environmental pressure groups. Overall, this task was not well tackled because candidates demonstrated a lack of awareness of pressure group actions. It was acknowledged that Pedal-Power's clients would visit areas of great beauty and that they might leave behind rubbish and/or disturb the local wildlife. The pressure group could demand assurances that Pedal-Power would not encourage the ruination of the countryside for the sake of profits. Also they could object to Pedal-Power's business on the grounds that cycling would erode paths and trackways. If they felt that the company was not carrying out environmentally friendly policies then the groups could hold public demonstrations, disrupt the staff and their work, seek unfavourable publicity, all in an attempt to shame Pedal-Power. Some candidates pointed out, correctly, that since Pedal-Power believed in being environmentally friendly then the pressure groups would not have any adverse influence.
- (ii) The case study mentioned government policies on tourism. The focus of the task was how these policies might impact on the company and candidates should have pointed out that all the time the Government remained keen on encouraging tourism then companies like Pedal-Power had a future. Alternatively, the removal of any incentives or a change of policy might result in Pedal-Power going out of business. The image of the country (in terms of safety, tourist centres, economic stability, etc.) would determine its popularity or otherwise to foreign tourists.
- (iii) The responses were not particularly knowledgeable but all that was required was the recognition that a change in the law might make the employment of staff more expensive because of, say, new recruitment procedures, a national minimum wage, essential training costs, a change in the number of hours worked, the age at which people can start or stop working. Some responses identified work permits for foreign workers.
- (b) This task was not done well overall simply because many candidates overlooked the vital term 'location'. A factor affecting the location of Pedal-Power's hire and repair shops was access to the target market. Candidates were asked to explain what was meant by access to the target market (clearly keeping location in mind). The task was relatively easy in that candidates only had to recognise that Pedal-Power's shops needed to be located along the tourist routes i.e. where the business was. This point was acknowledged by a few but mostly there was discussion on who constituted the target market and that was not called for. An issue not mentioned was that the shops needed to be obvious and visible in order to encourage impulse buyers in addition to the planned hires.
- (c) This task asked for an explanation of two examples of practical help or incentives that the Philippine Government could offer its tourism sector. As no clue was given in the text, responses were expected to be tentative or conjecture but the task was a simple test of how much awareness candidates had of likely Government assistance. Generally the answers identified the more likely examples e.g. simplified application for trading licences, adjustment of local taxes, tax holidays for new businesses in tourism, training grants, relaxed visa controls. Some candidates suggested that the Government should build hotels instead of being the source of direct or indirect funding.

Question 5

- (a) One of the directors said that the company had got the right balance in its marketing mix. Candidates were asked to explain the following three elements of the marketing mix. Responses were largely disappointing because the responses were not developed and often there was a lack of context.
- (i) Many candidates talked in terms of manufacture rather than using the term product in its wider use to include services – here it referred to bicycles that were for hire so that tourists could explore the country at a leisurely pace. The product was also provided by the areas of natural beauty which attracted the tourists. So many responses dealt with choosing the right product which had to be of good quality and reliable. That was a generic comment which was permissible had it been linked to the comment that the bicycles were modern, efficient and well maintained.

- (ii) Most candidates picked up on the comment made in the case study that the company promoted its product through travel agents, hotels and advertising. Advertisements were to be found in tourist guides and brochures. No candidate thought of mentioning the décor and presentation of the company's shops were part of the promotion process.
- (iii) Unfortunately most responses were generic and pointed out the importance of location but did not acknowledge the context. Candidates needed to refer to the fact that Pedal-Power had its hire and repair shops in the tourist areas i.e. where they were accessible to tourists. A point to have made was that a good location brought in business.
- (b) The company claimed to have a good customer relations policy. Candidates were asked to identify two elements of Pedal-Power's policy. All the clues were in the case study e.g. the bicycles for hire were of good quality and in good repair; the product was supported with such elements as: refunds if not satisfied; replacement bicycles; roadside repairs, bicycle and/or client collection or pick-up service. The policy also contained how staff should treat customers, how complaints and problems were dealt with, and how to take payments in more than one currency. Mostly the answers dealt with the more obvious points.
- (c) Candidates were asked to explain what was meant when one of the directors said Pedal-Power was trading in a chosen market. This task was not very successful as the term was not widely understood. The essential point was that Pedal-Power actually chose to enter this aspect of the tourist market so that it could specialise and thus offer an excellent service. It enabled staff to get to know their customers' requirements, develop its product line, and create a good reputation in its market. Mostly the answers were vague and off the point.

BUSINESS STANDARD LEVEL

Paper 8928/5162
Effective Business Communication

General comments

Candidates must spend time reading the case study in order to identify the key points which will enable them to answer the tasks given in the question paper. Candidates may find it helpful to have the following questions in their mind when reading the case study:

- (i) What type of organisation is the business given in the case study?
- (ii) How and where does it operate?
- (iii) Who are the key personnel?
- (iv) What is the main business event in the case study?
- (v) How are they going to implement it?
- (vi) What might the business need to do to implement the changes?

Candidates should then be able to apply their knowledge of the subject to answer the tasks given in the question paper.

Some of the tasks tested the higher order skills of analysis and evaluation, for example, **Tasks 1(b), 2(b)(ii), 3(b) and 4(a)**. The knowledge element of these types of tasks would tend to gain two marks maximum with the rest of the marks being awarded for analysis and evaluation.

Candidates should be encouraged to look beyond stating the obvious or what has been rote-learnt. For example, a good response to **Task 3 (b)(i)** about relationships within the group would be:

'The effectiveness of a group depends on how well its members work together; balancing each other's strengths and weaknesses so that the different jobs or roles work together to achieve the group's task or objective'

This is an example of analysis and/or evaluation, which if given with a description, would have gained full marks.

Comments on specific tasks

Task 1

- (a) Most candidates gained two marks by describing each method but failed to identify the benefits for the third mark.
- (b) Many candidates either gave examples, which the task did not ask for, or they identified one or more factors but failed to develop or explain them. The task clearly referred to internal communication not external or communication in general.

Task 2

- (a) The layout of the memo in most cases was correct. See the example below:

From: The candidate's name (refer to last paragraph of the case study.)
To: The Core Team (case study)

As far as content is concerned, candidates did not pay sufficient attention to the information in the case study or the task.

The content was too vague, many candidates did not state the purpose of the meeting, the importance and relevance of it, nor the date, time and venue. Memos do not start with a salutation or end with a complementary close but they must have the signature of the person sending it.

- (b)(i)** Few candidates gained full marks for this task because they failed to differentiate clearly enough between intranet and the Internet in general i.e. an intranet being a password protected form of communication within an organisation.
- (ii)** Candidates failed to state that it is a password protected private network but certain outside bodies can access it, even members of the public, providing a password is used.
- (c)** Quite well answered although some candidates wrote about advantages rather than the disadvantages which were asked for. The task was not limited to the Internet or intranet.

Task 3

- (a)** Well answered.
- (b)** Very few candidates obtained maximum marks. They identified one or two factors for each but failed to adequately explain their effect on team work, this was particularly the case with 'Group Culture'.

Task 4

- (a)** Answers to this task were weak even though it has been a regular task over the years. Some candidates failed to understand what was required i.e. planning for an interview. Candidates put too much emphasis on the selection and interview processes.
- (b)** The two types of task were described but the examples were muddled up in many cases.

Task 5

- (a)** Generally well answered as tasks relating to graphs and graphical representation are regular tasks.
There were four marks available for each type, split up as follows:
1 mark for identifying the type of graph
1 mark for a description
1 mark each for identifying an advantage or disadvantage.
- (b)** Answers generally were vague and too brief; this may have been due to lack of time. The task asked how technology could help enhance visual communication. Reference to OHP's, video players, or lap tops were not sufficient on their own. What the task required was to identify a piece of software and/or hardware and apply it to a situation.
- (c)** Most candidates had an idea of what a Gantt chart is but failed to apply it to the situation.

BUSINESS STANDARD LEVEL

<p>Paper 8928/5163 Business Finance</p>

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. There appeared to be a number of Centres where the candidates had not been prepared well for the examination and the candidates produced largely irrelevant or incorrect responses. 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, 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)(i)** were often vague and it is disappointing to note that a fundamental concept of accounting is not known by a sizeable minority of the candidates.

The answers to part **(a)(ii)** were particularly poor with most candidates being unable to make a relevant response. In part, this is probably the result of being unable to correctly answer part **(a)(i)**, and Centres are urged to address this issue.

The answers to part **(b)** were either very good or very poor. This is very disappointing given the high profile that organic farming has and Centres are urged to provide candidates with up to date examples of business activity as they cover the syllabus.

The answers provided to part **(c)** were again poor with few candidates able to identify the external factors that were mentioned in the case study. The explanations as to how external factors might impact on the business tended to be weak and often incomplete.

The answers to part **(d)** were quite good with many candidates achieving full or near full marks.

Task 2

The answers provided to part **(a)** of this task were either good or very poor. Better candidates were able to provide a correct format for the cash budget and extracted all of the relevant data from the case study, whereas the weaker candidates did not extract all of the data. It was pleasing however, to see that the majority of candidates were aware of the format of a cash budget.

The answers to part **(b)** were often vague with very few candidates able to provide meaningful explanations of the consequences of holding large amounts of cash.

Task 3

Overall, the answers provided for this task were very disappointing with very few candidates scoring high marks. The main problem appeared to be that candidates were not capable of providing relevant or correct examples of the applications of the accounting principles. Also, weaker candidates produced rather vague explanations of the principles. Centres are urged to address these problems.

Task 4

Overall the answers to all parts of this task were disappointing. The concept of contribution appeared not to be known by the majority of candidates and as a consequence they were incapable of correctly completing the calculations. Far too many candidates did not provide evidence of how they intended to approach the calculations and as a consequence they lost marks.

Task 5

The answers provided for this task were generally good with many candidates scoring their highest marks on this question. The answers to parts **(a)** and **(b)** were often quite good with relevant material that was well explained. The answers for part **(c)** were less good and the weaker candidates appeared to confuse the duties of the directors with those of the management team.

BUSINESS STANDARD LEVEL

Paper 5928/5164

Marketing

General comments

It is pleasing to report that many Centres achieved 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 response to the second part of this task was a little disappointing. Candidates were asked to identify examples of market or customer orientation from the case study. There were many examples available:
- they know what their competitors are doing and follow the market
 - they conduct portfolio analysis
 - they carry out market research
 - they segment their market
 - they have senior marketing employees
 - they develop new products
 - they promote their products

Some candidates were able to identify three of these as required and explain them very well. These candidates were rewarded with high marks. However, many were unable to identify the examples at all.

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 five marks available were given for explaining each of these stages. Teachers should remind candidates about the difference between 'identify' and 'explain' – many candidates simply listed the stages without explanation and limited the marks through lack of explanation.

- (b)(i)** Candidates who understood the difference between primary and secondary research were able to gain high marks here.
- (ii)** In this part of the task candidates were asked to describe two types of primary research. Those who did so attracted high marks. However, many candidates did not address the task correctly and either described one type or four types. In both cases marks were lost.

Task 3

This task explored segmentation in general. In part **(a)** most candidates were able to define segmentation. However, there were four marks for this part and a slightly expanded definition which included the reason for segmenting was expected. Many missed this fact.

Part **(b)** was generally done well, with many candidates able to explain bases for consumer segmentation and scored high marks. Some marks were lost for lack of expansion in part **(c)** of this task. However, it was good to see that some candidates were able to recommend an appropriate method of segmentation for the company in the case study and give appropriate reasons.

Task 4

This task focused on the marketing planning process. Those who attempted this question generally did well, apart from part **(b)**, which very few answered at all.

- (a)** Most candidates were able to do this well and gained high marks.
- (b)** This part of the task was rarely attempted. The strategy being used to target children was one of market development. Half marks were awarded to those who felt that it was product development. Other strategies were incorrect.
- (c)** This part of the task was generally done very well indeed, with the majority of candidates getting high marks for this section.

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. In this case it asked about four Ps (not the full seven) and asked about the re-launch.

- (a)** Most candidates could describe these well and relate them to the specifics of the case study and the task.
- (b)** This part of the task was also done well by many candidates. Most were able to recommend an appropriate celebrity (linked to health, sport or well known to children) and explain the benefits that this would bring.

BUSINESS STANDARD LEVEL

Paper 8928/5165

Human Resource Management

General comments

Candidates in general relied too much on lifting quotations from the case study and showed little ability to apply their classroom based knowledge to develop the information.

Candidates scored reasonably well on the knowledge based tasks and the tasks where it was relatively straightforward to pick information from the case study to answer them. By selecting the correct information from the case study a total of 20 marks were available for part **(a)** of each task. For all parts **(a)** of the tasks the answers were easily obtained directly from the case study and in each case the vast majority of candidates identified them correctly.

Where the higher level skills of application, analysis and evaluation were required many were unable to respond and relied on extraneous information to fill a page in the hope that something they had written might be of relevance.

Part **(c)** of each task tested these skills. 10 marks were allotted to them which took candidates to a Level 3.

Centres are advised to look carefully at these sections and to develop their candidates' skills, to enable them to answer the analytical and evaluative tasks more fully.

Comments on specific tasks

Task 1

- (b)** The task asked for candidates to explain the meaning of HRM. Most dealt with this in one sentence and then wrote about its functions at great length, which was not what the task required.
- (c)** Answers were too general in nature. Some points were lifted directly from the case study, but without any extension or development. Candidates identified the differences but they were not applied to the situation of ISL.

Few candidates got beyond Level 2 in either part **(b)** or **(c)**.

Task 2

- (b)** Candidates correctly identified two pieces of legislation from the case study. Some candidates, however, confused Health and Safety legislation with health care. Equal Opportunities legislation was more comprehensively answered.
- (c)** Again answers were too general and not specific to the situation pertaining to ISL. Some candidates were under the misapprehension that the trade unions wanted the changes rather than ISL. Two marks were given for the general role of the trade unions the other eight marks were given for analysis and application.

Task 3

- (b) There was some confusion with this task. The contracts identified in the case study were permanent full-time, part-time and temporary. The full-time contracts were understood but confusion arose in many cases between part-time and temporary contracts. Many candidates failed to understand that permanent part-time contracts should carry the same conditions as permanent full-time contracts. The candidates that did differentiate correctly between part-time and temporary contracts gave valid examples of when and why such contracts are issued.
- (c) Generally well answered, candidates understood and explained the concept of redundancy and the possible reasons for non-renewal of temporary contracts, which would have got them to Level 2. They failed however to explain the effects that these changes would have, which would have taken them to Level 3.

Task 4

- (b) Many candidates did not know what a grievance procedure is. Some began with a vague explanation and slipped in to explaining disciplinary procedures. Some also confused it with compassionate leave.
- (c) Poorly answered, candidates relying mainly on lifting quotes from the case study, some very general comments on communication but little reference to the ISL situation as asked.

Task 5

- (b) Answers lifted directly from the case study in both cases, with little attempt at any description or development.
- (c) Again, many candidates relied too much on lifting the relevant quote from the case study and nothing else. Some made oblique references to fringe benefits and the motivational theories of Herzberg and Maslow but made little or no attempt to link these to, or comment on the nature of the work at ISL. If they had done so, it would have taken them to Level 3

BUSINESS STANDARD LEVEL

Paper 8928/5169

Business Organisation and Environment

General comments

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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.

An expectation of the case study is that candidates will respond in the appropriate context. This means that, unless the task calls for general business knowledge, answers should be clearly related to the case study. Marks are often lost because the context is disregarded. It is not enough to display knowledge and teachers should ensure that their candidates understand the importance of context. Potentially excellent answers to the 4 mark tasks in this examination paper were penalised and awarded no more than 3 marks owing to the lack of context. The loss of even a few marks in this way can prohibit a candidate from getting a higher grade.

Candidates must 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 2-mark task and then giving scant attention to one offering 4 marks. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write sufficient detail to demonstrate to the Examiner that they understand the tasks.

Candidates are mostly asked to describe or explain, and a typical failing is an insufficiency of description or explanation. The majority of candidates sit the examination in a second language and 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.

Candidates must not underestimate the importance of time management. The evidence indicates that all the tasks are completed 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.

The layout of responses still needs attention but generally 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.

Unfortunately poor examination technique remains an issue and still hinders the achievement of higher marks for many candidates. Teachers are strongly advised to address the subject 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.

There are still candidates who insist on copying out the tasks. It is not necessary and wastes valuable examination time. Weaker candidates often respond to tasks by copying out segments of the case study which prohibits the award of full marks.

Comments on specific questions

The case study dealt with a company trading as Pedal-Power and located in the Philippines where it rented bicycles to tourists to encourage them to explore the country at a more leisurely pace. The responses to tasks needed to take into account the nature, objectives, and features of the business.

Question 1

- (a) Pedal-Power chose to be a private company believing that this had advantages over being a public limited company. Candidates were asked to offer two features or benefits which indicated advantages to Pedal-Power. A well written sentence for each feature or benefit sufficed and the main points were to be drawn from a familiar list, e.g. no compulsion to publish accounts; shares cannot be traded on the open market and can only be transferred with the agreement of the other shareholders; the company is not vulnerable to any take-over bid. A number of candidates suggested limited liability and life in perpetuity but both these are also features of a public limited company.
- (b) The three elements of this task called for explanations of Pedal-Power's business objectives. The following three issues were all linked so there was some overlap or repetition in the responses. The overlap was acceptable so long as context was not ignored. Mostly, the responses were not well articulated and earned, in the main, only half marks.
- (i) Clearly Pedal-Power was not influential enough to make a huge difference but it could positively affect the families of its workforce. The essential point required here was that employment enabled Pedal-Power's staff to keep themselves and their families. Also, better earnings meant the ability to pay taxes which in turn brought benefits to the community. Equally more opportunities in tourism would create more jobs in the economy. Mostly the responses dealt with the employment aspect and some referred to Government rather than to the company.
- (ii) The focus was not just on Pedal-Power but also on the general multiplier effect given the company's success. The basic point was that Pedal-Power could not survive without employees and their skills; secondly, the employees' expenditure helped employ others; and thirdly, encouraging tourists would in turn create more employment opportunities.
- (iii) Again, picking up on the comment made in (i) above, Pedal-Power's influence was limited but it could contribute in its own way to the economy. Candidates needed to recognise that encouraging tourists meant more foreign exchange; tourists expected high quality standards in infrastructure, hotels, restaurants; and tourists' money and the employment it created meant a more active economy. Few candidates referred to foreign exchange nor indeed to the infrastructure. Instead there was mostly discussion on employment which was the focus of (ii) above.
- (c) The company did not accept credit payments and only accepted cash. The task asked for an explanation of the difference between cash and credit payments. This was not a successful task as most interpreted it as 'pay now' on the one hand and 'pay later' on the other. There were many answers which dealt with credit in terms of trade credit rather than relate it to the situation. Essentially candidates needed to define cash as consisting of notes and coins and therefore Pedal-Power's services were paid for in hard currency. Credit transactions mostly relied upon credit or debit cards with payment being made on the understanding that a bank would credit Pedal Power's bank account with the appropriate sum. A few appreciated these points but none suggested that credit or debit cards were regarded as near-cash.

Question 2

- (a)** The organisational structure of Pedal-Power was in the form of a matrix. Candidates were asked to explain what was meant by a matrix structure and to give one benefit of it to Pedal-Power. Mostly candidates understood this concept but gave generic and standard answers. What was required was reference to the company's team approach which drew its multi-skilled members from within the business ignoring any departmental boundaries. Being in the form of a matrix meant that the absence of an hierarchical structure and so a flatter structure was created.
- (b)(i)** Having studied organisational structure, this task should not have posed any difficulty. Most candidates understood it but few earned full marks. The way into this task was to establish 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 which suggested a flatter structure.
- (ii)** Most responses indicated that span of control referred to the number of staff answerable to any one director/manager/supervisor and that a wide span meant that a person had many staff to direct. These points were, in the main, recognised by the candidates but hardly anyone mentioned that the three founders had a wide span of control because they did not have a hierarchical structure (a link with **(i)** above).
- (iii)** This term, in context, proved quite hard for candidates and very few demonstrated understanding. Using the reference to the organisation of the company, candidates needed to explain that the lack of a hierarchy, and the matrix structure, meant that the three founders had a hands-on approach to the business. Further, despite team-working, the founders (owners) took the final decisions and so had the responsibility for the direction of the company. Another aspect was that employees were expected to be multi-skilled and to have areas of responsibility – failure to deliver meant they had to account for their actions. Most answers dealt with managers being answerable for their actions and candidates were awarded appropriately.
- (c)(i)** The history of this subject matter has never been promising but candidates seemed to grasp a basic idea. The explanation should have said that a non-executive director was not employed by Pedal-Power and as such had no day-to-day involvement. A number of responses suggested that such a director took no part in decision-making which, clearly, was not the case as decisions were taken in Board meetings. A non-executive director could be invited to join the Board because of expertise (e.g. tourism) or the representation of a stakeholder (e.g. the bank).
- (ii)** The second task was to explain one advantage to the Board of appointing non-executive directors. Many responses hinted at a consultancy role but very few suggested that not being directly involved in the business meant that the non-executive director was more likely to be independent and offer unbiased advice. The important point was that the director could bring an outside view to Board discussions.

Question 3

- (a) (i)** Pedal-Power did not offer flexitime but did encourage job sharing. This task called for an explanation of job sharing. Candidates only had to point out that it referred to one full-time job being undertaken by two people who split the working week (or other suitable time period) between them (mostly on a 50:50 basis) with each employee being paid pro-rata. In this case a generic response was acceptable.
- (ii)** Candidates were then asked to identify one benefit of job sharing to Pedal-Power. This was quite an easy task but some responses ignored the essential point that they had to define the benefit of it to the company. There were suggestions that the work would be done faster which indicated a misunderstanding of how job sharing worked and also of the nature of the company's business. Mostly, however, candidates recognised that the system provided Pedal-Power with two people applying fresher minds to the task. It also enabled employees to contribute to the company on a part-time basis.
- (b) (i)** The case study said that casual staff were taken on during the height of the tourist season as and when required. This task called for a description of what was meant by a casual employee. Pedal-Power took on local labour to fulfil particular short-term roles which arose owing to increasing business at certain times in the year. They were paid for what they did but did not necessarily receive the benefits normally offered permanent employees. There was some general understanding of what casuals were but many thought they were retired and/or unskilled. There may have been some retired persons among the casuals but the company expected all its employees to be skilled at something. They worked whenever needed and that could mean a few hours or a few days.
- (ii)** Some staff were appointed on fixed term contracts. Candidates were asked to explain the meaning of a fixed term contract and it was generally understood that the employment contract ran for a specific fixed term e.g. one year, and expired at the end of that term. What was not always appreciated was that such an employee was generally treated as permanent in respect of pay and any benefits. Satisfactory work could mean Pedal-Power offering a follow-on contract.
- (c) (i)** This task really called for the identification of maybe a couple of familiar points supported by brief explanation e.g. good time-keeping; willingness to work awkward hours and to meet deadlines; cooperative attitude; perform well as part of a team; high standards of expertise and workmanship. Most candidates recognised this approach but few actually defined the meaning of effective and efficient i.e. producing the desired result on the one hand and doing so competently without waste on the other.
- (ii)** The majority of responses tended to be similar in that they mentioned supporting the company's objectives. That point was acceptable but it required some explanation e.g. in return for pay and benefits employees were expected to support their employer; supporting the business meant more chance of long term employment; commitment to Pedal-Power could result in profitable business and staff opportunities. In short, the success of the company and welfare of the employees were the same.
- (iii)** The case study made mention that employees worked in one or more teams so it was important they were able to work with their colleagues. The points to have considered included, for example, the ability to fit into a team and contribute to achieving tasks; having a co-operative attitude; being willing to share ideas and take advice; the ability and willingness to work on one's own with the minimum of supervision; the ability to know what any task requires and readiness to resolve problems. A couple of points well explained was all that was required. Candidates tended to produce some fair answers mostly endorsing the ability and willingness to get on with the job.

Question 4

- (a) The three elements of this task focused on the ways in which Pedal-Power might be influenced by certain external or PEST factors. The prevailing weakness here was that the influence on Pedal-Power was not really addressed.
- (i) Candidates were asked to explain how the company might be influenced by environmental pressure groups. Overall, this task was not well tackled because candidates demonstrated a lack of awareness of pressure group actions. It was acknowledged that Pedal-Power's clients would visit areas of great beauty and that they might leave behind rubbish and/or disturb the local wildlife. The pressure group could demand assurances that Pedal-Power would not encourage the ruination of the countryside for the sake of profits. Also they could object to Pedal-Power's business on the grounds that cycling would erode paths and trackways. If they felt that the company was not carrying out environmentally friendly policies then the groups could hold public demonstrations, disrupt the staff and their work, seek unfavourable publicity, all in an attempt to shame Pedal-Power. Some candidates pointed out, correctly, that since Pedal-Power believed in being environmentally friendly then the pressure groups would not have any adverse influence.
- (ii) The case study mentioned government policies on tourism. The focus of the task was how these policies might impact on the company and candidates should have pointed out that all the time the Government remained keen on encouraging tourism then companies like Pedal-Power had a future. Alternatively, the removal of any incentives or a change of policy might result in Pedal-Power going out of business. The image of the country (in terms of safety, tourist centres, economic stability, etc.) would determine its popularity or otherwise to foreign tourists.
- (iii) The responses were not particularly knowledgeable but all that was required was the recognition that a change in the law might make the employment of staff more expensive because of, say, new recruitment procedures, a national minimum wage, essential training costs, a change in the number of hours worked, the age at which people can start or stop working. Some responses identified work permits for foreign workers.
- (b) This task was not done well overall simply because many candidates overlooked the vital term 'location'. A factor affecting the location of Pedal-Power's hire and repair shops was access to the target market. Candidates were asked to explain what was meant by access to the target market (clearly keeping location in mind). The task was relatively easy in that candidates only had to recognise that Pedal-Power's shops needed to be located along the tourist routes i.e. where the business was. This point was acknowledged by a few but mostly there was discussion on who constituted the target market and that was not called for. An issue not mentioned was that the shops needed to be obvious and visible in order to encourage impulse buyers in addition to the planned hires.
- (c) This task asked for an explanation of two examples of practical help or incentives that the Philippine Government could offer its tourism sector. As no clue was given in the text, responses were expected to be tentative or conjecture but the task was a simple test of how much awareness candidates had of likely Government assistance. Generally the answers identified the more likely examples e.g. simplified application for trading licences, adjustment of local taxes, tax holidays for new businesses in tourism, training grants, relaxed visa controls. Some candidates suggested that the Government should build hotels instead of being the source of direct or indirect funding.

Question 5

- (a) One of the directors said that the company had got the right balance in its marketing mix. Candidates were asked to explain the following three elements of the marketing mix. Responses were largely disappointing because the responses were not developed and often there was a lack of context.
- (i) Many candidates talked in terms of manufacture rather than using the term product in its wider use to include services – here it referred to bicycles that were for hire so that tourists could explore the country at a leisurely pace. The product was also provided by the areas of natural beauty which attracted the tourists. So many responses dealt with choosing the right product which had to be of good quality and reliable. That was a generic comment which was permissible had it been linked to the comment that the bicycles were modern, efficient and well maintained.

- (ii)** Most candidates picked up on the comment made in the case study that the company promoted its product through travel agents, hotels and advertising. Advertisements were to be found in tourist guides and brochures. No candidate thought of mentioning the décor and presentation of the company's shops were part of the promotion process.
- (iii)** Unfortunately most responses were generic and pointed out the importance of location but did not acknowledge the context. Candidates needed to refer to the fact that Pedal-Power had its hire and repair shops in the tourist areas i.e. where they were accessible to tourists. A point to have made was that a good location brought in business.
- (b)** The company claimed to have a good customer relations policy. Candidates were asked to identify two elements of Pedal-Power's policy. All the clues were in the case study e.g. the bicycles for hire were of good quality and in good repair; the product was supported with such elements as: refunds if not satisfied; replacement bicycles; roadside repairs, bicycle and/or client collection or pick-up service. The policy also contained how staff should treat customers, how complaints and problems were dealt with, and how to take payments in more than one currency. Mostly the answers dealt with the more obvious points.
- (c)** Candidates were asked to explain what was meant when one of the directors said Pedal-Power was trading in a chosen market. This task was not very successful as the term was not widely understood. The essential point was that Pedal-Power actually chose to enter this aspect of the tourist market so that it could specialise and thus offer an excellent service. It enabled staff to get to know their customers' requirements, develop its product line, and create a good reputation in its market. Mostly the answers were vague and off the point.