

BUSINESS STANDARD LEVEL

Paper 8928/5162

Effective Business Communication

Key messages

- There should be more attention to letter writing both in terms of business layout and in content. It is important to stress the importance of both stating the key message and then making sure that the letter provides adequate information for the recipients.

General comments

The paper was fair and unambiguous. The standard of responses to the tasks has improved this year. There were very few poor scripts with unanswered tasks. It is evident that most Centres are teaching to the syllabus. However, more attention should be given to letter writing both in terms of business layout and in content. It is important to stress the importance of stating the key message and making sure that the letter provides adequate information for the recipients.

Comments on specific tasks

Task 1

- (a) This task required candidates to describe stated methods of communication together with a benefit. Most candidates provided adequate responses, but often the actual description was vague. Video and telephone conferencing were best answered although many candidates need to identify the benefits of being able to see facial expressions in video conferencing and not just say cost or time saving. Many of the candidates were also vague about team meetings and seminars.
- (b) The second part of the task, which asked for four factors to be considered when internally communicating a stated message, was generally poorly answered. Many candidates misread or misunderstood the term "factors". Candidates merely listed methods of communication with little or no reference to their appropriateness.

Task 2

- (a) This task required candidates to write a letter based on the case study. The results varied considerably, but most candidates need to provide a professionally set-out letter and to ensure that all key features were communicated. Both the letterhead and the inside address did not have sufficient detail e.g. 'High Street, Berlin' as a letterhead is not acceptable. The same lack of detail applies to the addressee. The salutation and complementary close were not compatible. Also, the content was insufficient for purpose with key messages such as how to contact the writer or times, locations etc. of the meeting missing.
- (b) Generally the second part, referring to the intranet, was adequately addressed. However, there seemed to be some confusion between some candidates' understanding of an intranet and their answer being more related to the Internet.

Task 3

- (a) The first part of this task was a straightforward one on verbal and non-verbal communication. Generally this is a recall task and was answered well by most candidates.

- (b) The second part of the task required application of understanding and most candidates gave vague responses. For example stating that poor relationships affect group work, rather than exploring what leads to poor relationships and how such factors might impact. Candidates need to ensure they understand what is meant by Group Culture.

Task 4

- (a) For this task candidates were required to describe the stages of an interview for a project manager. Responses varied considerably with some candidates answering well and others less so. There did appear to be some confusion between recruitment and selection with some candidates explaining the recruitment stages. For example advertising the vacancy, short listing and job description and giving little or no attention to selection, particularly at interview stage.
- (b) The second part of this task was one of recall, closed and open tasks and generally was answered well.

Task 5

- (a) The majority of candidates were able to gain marks from this task. Some candidates struggled to describe the different visual aids to be awarded maximum points.
- (b) Candidates were able to give two examples of how technology could help to improve visual communication when giving a presentation.
- (c) Whilst most candidates understood what an organisational chart was, some candidates probably did not fully read the task properly and so gave incorrect answers.

BUSINESS STANDARD LEVEL

Paper 8928/5163
Business Finance

Key messages

- Centres should encourage candidates to provide both formulae and workings when they are undertaking tasks that involve calculations. Candidates need to provide this evidence of how they intend to answer the tasks to ensure that candidates gain some marks even if their final answer is incorrect.

General comments

Overall the performance of the candidates who sat the May 2010 examination paper was quite encouraging with many candidates being able to produce reasonable answers to the majority of the tasks. However, Centres are urged to remind candidates of the need for precision when defining terms and the need to provide answers that address all parts of the tasks. In doing so, the candidates will increase their chances of scoring higher marks. There did not appear to be any significant problems with candidates managing their time effectively and most candidates provided responses to all parts of the tasks.

Comments on specific tasks

Task 1

Overall the responses to this task were good with many candidates scoring high marks.

The answers to part **(a)** were very good with the majority of candidates able to produce a correct formula for each of the terms and as result scoring maximum marks.

The answers provided to part **(b)** were equally good with most candidates demonstrating that they knew how to apply the formula to identify the gross profit. Unfortunately some candidates did not complete the answer by deriving the selling price and therefore they scored only half marks.

The responses provided for part **(c)** were again good with the majority of candidates demonstrating that they knew how to apply the relevant formula to complete the calculation.

The answers to part **(d)** were generally good with the majority of the candidates able to provide both a relevant advantage and disadvantage of a private limited company. Weaker candidates lost marks because they did not provide examples of **financial** advantages and disadvantages. It is important that candidates read the task carefully to avoid giving irrelevant answers.

The answers to part **(e)** were quite encouraging with most candidates being able to complete the calculation successfully. However some candidates lost marks simply because they did not explain how they were attempting to answer the task and when their calculation went wrong there was no evidence available to award part marks for the task.

Task 2

The answers provided to part **(a)** were generally good with most candidates being capable of producing a correctly structured Profit and Loss Account and being capable of using the data to arrive at a correct financial statement.

The answers to part **(b)** were rather disappointing with many candidates appearing to confuse manufacturing costs with expenses. Expense should be viewed as costs that are the result of activities that take place after the process of production is complete rather than as part of that process.

The answers to part **(c)** were generally good with most candidates able to explain the possible reasons for conflict between the objectives. This was very pleasing as it demonstrates that the candidates have a good understanding of the subject matter.

Task 3

The answers provided to part **(a)** were rather disappointing with only a minority of candidates being able to provide complete explanations of each of the methods of raising finance. Candidates were asked to distinguish between the methods and very few of them were able to do so.

The answers to part **(b)** were very disappointing with few candidates providing answers that explained why a business would choose to raise additional finance through a variety of methods. Weaker candidates tended to repeat their answers to part **(a)** and as a result scored low marks.

The answers provided for part **(c)** were generally quite good with many candidates providing relevant responses. Weaker candidates tended to produce answers that referred to private limited company formation rather than public company formation and as a result they achieved no marks.

Task 4

Overall the answers to this task were very good demonstrating that this particular topic is well known to the majority of the candidates.

The answers provided for parts **(a) (i)** and **(ii)** were often completely correct and it was pleasing to see that most candidates provided a formula before commencing their calculation. This practice should be encouraged for the sake of all future candidates.

The answers provided for parts **(a) (iii)** and **(iv)** were not quite as good, but again many candidates did provide evidence of how they were going to undertake their calculations and even though they may have made mistakes during this process they were still awarded marks for their efforts.

The answers to part **(b)** were rather disappointing with many candidates simply explaining what the reducing balance method was rather than reasons why it would be the preferred method of depreciating fixed assets.

Task 5

Overall the answers to this task were good and it is evident that this is a topic where candidates have been prepared well. Indeed there were some excellent answers that warranted high marks as the candidates had followed the rubric of the task and they had provided answers that showed **both** a positive and a negative effect for each of the PEST factors. Weaker candidates tended to provide only the positive or negative effects or they simply listed the PEST factors with no attempt to determine the possible effects.

BUSINESS STANDARD LEVEL

Paper 8928/5164

Marketing

Key messages

- There is a requirement for candidates to apply their knowledge of the syllabus to the content of the Case Study, and so good candidates can gain high marks from doing so appropriately.

General comments

It is pleasing to report that some candidates achieved very good marks this session. Examiners report that good candidates know the syllabus well, and are able to identify the relevant concepts required by each task.

Teachers/tutors can help their candidates by differentiating between applying their answers to the Case Study scenario and simply repeating sections of Case Study material (which does not attract marks). The specifics of each task for this paper are detailed in the section that follows.

Comments on specific tasks

Task 1

- (a) In this opening task many candidates did well in identifying the meaning of 'customer focus', which is something that has been assessed in this section before. Those who did not have a full understanding repeated the terms 'customer needs' and 'customer satisfaction' several times in their answers. This was insufficient and candidates should have covered the benefits of identifying customer needs through research, and also the fact that they could segment their market/customer groups. A few confused the term with research focus groups.
- (b) The second part of this task proved difficult for some candidates, who simply copied sections from the Case Study. Three marketing functions were identified in the task, which then asked candidates to write about ways in which these functions helped the organisation to meet its objectives. Candidates need to explain the function, with reference to the situation in the Case Study, and then to expand on its role in terms of helping the company grow (by entering new markets), get closer to the customer (by consulting marketing research), and improving sales and profits by increasing awareness (through promotional campaigns).

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. This has been examined previously and many candidates were able to list the relevant stages. A further five marks were available for explaining each stage, and some candidates were able to do so well, linking their answer to the company in the Case Study.
- (b) This part of the task asked candidates for a simple list of five sources of secondary research that might have been useful to the chocolate company. Most were able to do this well, although some duplicated sources in the list.
- (c) This final part of the task asked for a description of one form of primary research that was suitable for Abhidi's Luxury Chocolates. Generally this part of the task was answered well, although some confused interviews, surveys and questionnaires.

Task 3

This task was about consumer marketing, and asked about segmentation in consumer markets as well as about consumer buying behaviour.

Generally candidates found the part of the task about segmentation easier to answer than that on the consumer buying process. Examiners awarded marks for a description of the process, even when the theoretical description of the process was not used.

Task 4

This task assessed various parts of the marketing planning process. Those who attempted this task generally did well, although some did not answer with clear explanations of the stages as was requested by the task.

- (a) This first part of the task asked candidates to identify two PEST factors from the Case Study – the ones that were highlighted in the Case Study were the Economic situation and the Social trend towards eating chocolate. Most candidates were able to identify these factors.
- (b) This part of the task focused on the SWOT analysis framework and specifically asked **how** its results can help the formation of the marketing plan. Many candidates simply described the framework, and so were not able to earn full marks. Candidates can improve their responses to tasks by reading the task carefully and ensuring it is addressed in full.
- (c) Strong candidates were able to explain four contrasting Control methods, and recognised the need to monitor qualitative issues as well as quantitative. This part of the syllabus is still one of the most difficult for candidates to understand.

Task 5

This final task assesses the candidates' understanding of the competence relating to the importance and impact of elements of the marketing mix. On this occasion, the task linked to the Case Study, and asked specifically about the 4P marketing mix plus specific promotional tools.

- (a) This part of the task asked for a description of the 4P marketing mix for Abhidi's Luxury Chocolates. Although many candidates could describe these generically, candidates need relate their answers to the specifics of the Case Study and the Task.
- (b) This final part of the task asked how three specific promotional tools could be used in a campaign to promote the chocolates. Most candidates were able to describe how TV advertising could be used, but many were not able to describe the use of Point of Sale activities or PR activities. Candidates should aim to gain a wide knowledge across the promotional mix.

BUSINESS STANDARD LEVEL

Paper 8928/5165

Human Resource Management

Key messages

- Candidates need to be aware that short and focused answers are preferable to those that are lengthy and offer little substance, especially in those tasks where less than 10 marks are available.

General comments

The majority of candidates were clearly well prepared for this paper and those tasks requiring application of information from the case study were well argued. Some candidates need to improve their examination technique in response to the key word in tasks. Tasks simply asking for a “List” do not need lengthy explanations, whilst the majority of candidates have complied with this there are still significant numbers who ignore the instructions by providing very detailed answers for this part of the task. Candidates overall did take account of marks available in each part of the task when determining the depth and scope of their answer. Some candidates are using bullet points in their answers, candidates are not required to submit detailed essay-type answers but if they use bullet points then they must include enough detail to demonstrate that they have fulfilled the requirements of the task.

Most candidates were able to show evidence that all areas of the syllabus had been covered. This was a paper that all of the candidates were able to access, and there were very few instances of candidates answering fewer than the required number of tasks.

The best candidates took the time to read both the case study and the accompanying tasks carefully and provided the most appropriate answers. Well answered tasks would often refer to specific sections from the case study in the interpretation and analysis of the tasks. Candidate’s knowledge needs to be applied to the case study and candidates need to understand the importance of context.

Overall candidates did manage their time well and only a very small proportion of candidates were unable to complete all the tasks within the allotted time. Some candidates did provide very lengthy answers to **Task 1** and a few lines only for **Task 5** which suggests that these candidates had the ability to answer these tasks to a better standard if they had managed to allocate or plan their time more appropriately,

Comments on specific tasks

Task 1

- (a) Most candidates were capable of defining the meaning of HRM as requested; **“A process for creating and maintaining relationships between people who work for them, and between organisations”**. A few candidates did confuse the meaning of HRM with the purpose of HRM.
- (b) Many candidates were able to explain the items making up the purpose of HRM; **“the right mix of skills, controlling the costs of employment; the ability to react to change”**. The most able candidates gained extra marks by applying each of these elements to the practices at the Fashion Clothing Company (FCC) as outlined in the case study.
- (c) Candidates needed to apply their knowledge to the activities at FCC and explain where the purpose of HRM had been used in managing the home-workers. Generally candidates were able to recognise the problems in recruiting staff with the right mix of skills and the need to react to the technological changes. Overall candidates showed good skills in relating their theoretical knowledge to the case study. The best candidates referred to the failure to control employment costs efficiently as evidenced by the wastage and employees waiting for work to arrive.



Task 2

- (a) Candidates were asked to list four ways in which trade unions can assist workers in the case study; this task was completed to a suitable level by nearly all candidates. Acceptable answers were **Negotiating pay deals, Negotiating working conditions, Legal aid, Advice (information), Health and safety advice, Education services, financial support**. Any additional information provided by candidates was ignored as unnecessary.
- (b) Most candidates were able to quote or refer to the relevant section of the case study relating to the lack of toilets and washing facilities as a **Health and Safety** issue, which was sufficient for a pass grade mark. More able candidates achieved higher marks by referring to the other legal issues such as **equal opportunities** (all employees were female) and **employment protection** (none of the employees had contracts).
- (c) Candidates that were able to quote the relevant section from the case study were awarded pass marks for this task "**All workers will be provided with training on the machines and will then be taken on as proper employees**". The task did differentiate between different levels of candidate ability; pass level candidates generally provided answers that were very generic without any reference to the case study whilst better candidates made applied reference to the need for constant training and the implications of new technology for the employees in terms of lifelong learning and promotion prospects.

Task 3

- (a) Very few candidates were able to list four elements of the selection process. "**Letters of application, CV's, Application forms, References, Tests, Interviews**". Candidates need to understand the difference between recruitment and selection procedures. No explanation was required for these items so no marks were given to those candidates also providing definitions.
- (b) Descriptions of how contracts ended needed to include; "**Resignation, Retirement, Redundancy and Dismissal**". The majority of candidates identified these items. Candidates often mentioned "mutual agreement" which was not appropriate as this could refer to both resignation and dismissal. Full marks were awarded for part (ii) where candidates recognised that redundancy was the most appropriate method for FCC as many workers were no longer required, although marks were also given to candidates suggesting dismissal, provided that they made clear that this would only apply for employees providing poor quality work.
- (c) Almost all candidates recognised the essential differences between part-time and full-time contracts. A significant number of candidates were able to improve to merit level by quoting the relevant sections from the case study relating to the changes in methods of payment and hours of work. The very able candidates interpreted the information in the case study and referred to the other components of full time contracts that the workers would expect such as facilities at the factory, holiday and sick pay, pension schemes and fringe benefits.

Task 4

- (a) The systems used for measuring performance were "**Standards, Targets, Key Accountabilities, Competencies and Appraisals**". All but the weakest candidates were able to identify them. Once again a large number of candidates chose to explain each method even though the task only required a list.
- (b) Candidates were generally able to explain that **managers discuss performance with individuals during an appraisal meeting**. More able candidates obtained merit level marks by recognising that the meeting would normally discuss the systems mentioned in part (a) of the task. The very best answers also explained that appraisal meetings provided an opportunity to discuss concerns; agree future targets and motivate workers.
- (c) A pass level answer would explain the communication systems that could be used such as "**informal meetings and discussions, formal consultation or negotiation systems, (Works councils, worker directors), committee structures (health and safety, Consultation)**". Good answers provided more detailed explanations of each of these items whilst distinction level answers made suitable recommendations as to which systems would be most relevant at FCC.



Task 5

- (a) Again a well answered task and virtually all candidates were able to list four fringe benefits to obtain full marks for this section. Acceptable answers included “**Holidays, Company car, cheap loans, subsidised food, health care, and discounts on company goods**”. A significant number of candidates chose to provide explanations even though only lists were asked for.
- (b) Some excellent answers to this task and a significant number of candidates were awarded maximum marks. Most candidates were able to explain how factors such as “**money and fringe benefits, working conditions, job satisfaction, promotion prospects, working relationships**” could all be used to motivate workers at FCC.
- (c) Candidates were required to explain training methods including; “**on the job, off the job and induction training**”. Most candidates were able to explain most of these methods to earn marks at pass level. More able candidates gained extra marks by also explaining that some external trainers would need to be employed as nobody at the factory knew how to use the machines. Many candidates did not answer the task in its entirety as they did not explain how workers would be kept up to date with changes in technology.

BUSINESS STANDARD LEVEL

Paper 8928/5169

Business Organisation and Environment

Key messages

- Teachers are strongly advised to address the subject of **examination technique** when preparing their candidates for the examinations. It remains a concern to Examiners and still inhibits the award of higher marks for many candidates.

The following bullet points **summarise** the advice teachers and invigilators should give to their candidates:

(a) They should:

- **read and make sure that the Examiner's instructions are clearly understood;**
- focus on the essentials of each task or task;
- **relate the length of the reply to the number of marks available for that task, we have seen too many candidates write long answers to 1 or 2 mark tasks;**
- manage examination time sensibly.

(b) They should NOT:

- **copy out the tasks or tasks;**
- wrongly number the tasks or part-tasks;
- include irrelevancies i.e. demonstrating knowledge that is not called for.

General comments

Other points to bear in mind include:

- (i) 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.
- (ii) **An expectation of the case study is that candidates will respond in the appropriate context.** This means that, unless the task calls for the rehearsal of general business knowledge, answers should be clearly related to the case study. Too many responses are generic and so **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.
- (iii) Candidates must appreciate that **a short and focused answer** is preferable to one that is lengthy and offers little substance. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write a sufficiency of detail to demonstrate to the Examiner that they understand the tasks.
- (iv) Candidates are mostly asked to describe or explain, and a typical failing is an insufficiency of description or explanation. Bullet points will not, as a rule, earn good marks.
- (v) 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 is much more important than the quality of written language. However, it must be emphasised that a very poorly expressed answer, especially one which expects the Examiner to guess the candidate's meaning and intention, may not be marked very favourably.
- (vi) 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.

Comments on specific tasks

The case concerned Top Class Furniture (TCF) which was a partnership operating four retail furniture shops.

Task 1

- (a) (i and ii) The task called for the naming of the business sectors in which the furniture manufacturers and TCF operated. Many candidates answered this well. Some candidates wrote long answers explaining the three business sectors. This was not asked for and two one word answers (secondary and tertiary) were all that were required for full marks.
- (b) The technicalities of partnerships were understood. Many candidates did not **compare** the advantages of a partnership with a sole trader. These advantages included the ability to raise more finance, sharing the workload and more ideas being generated.
- (c) Many candidates knew about working capital and described it correctly as the funds needed to meet day to day business expenditure. The balance sheet description as current assets minus current liabilities was also credited with two marks. Fewer described indirect costs correctly as costs that cannot be directly identified with a product.
- (d) Typical objectives would be to increase market share, improve profitability or introduce new products. Some candidates did identify these but many only answered in generalities such as suggesting TCF become more successful.
- (e) Many good answers were seen to this task with a connection demonstrated between growth in the economy, lower unemployment, higher wages and more disposable income that could be spent with TCF.

Task 2

- (a) Whilst good answers were seen, too many defined span of control without explaining 'narrow'. Again some answers went into great detail about organisation structure which was not necessary in response to a two mark task. A good answer would state that a narrow span of control is shown by a supervisor having only a few subordinates reporting to him.
- (b) Some very good explanations seen but not always in context. It is important that answers be set in the context of the case study. Answers that did not mention the purchase of furniture from the manufacturers did not achieve the higher marks.
- (c) The benefits of centralisation were generally understood although again context was sometimes lacking. Bulk buying opportunities and product uniformity were both seen as reasons for centralisation.
- (d) Stakeholder was usually defined which gained one mark. Further marks were gained by showing the effects of having the furniture stores in the community. Shopping opportunities, employment opportunities and taxing were all expected answers.

Task 3

- (a) The concept of staff turnover was not widely understood. It is defined as the number of staff leaving in a given period divided by the average number of staff employed during that period. High staff turnover is associated with low morale and causes high recruitment and training costs to the employer. Less motivation caused by lower pay and less training for part time staff were the common reasons for a higher staff turnover.
- (b) Staff associations were widely understood and the benefits of help with employee's work related problems were commonly outlined. The social benefits of having a staff association were also stated in some answers.

- (c) This was a well answered task with many candidates outlining how regular training would lead to a better understanding of the products and improve the sales technique of the staff. This would lead to better staff motivation and probably result in higher sales for TCF. Again some otherwise good answers failed to place the outcome in the context of TCF.
- (d) Another well answered task with most candidates outlining the good motivational effects of internal promotion and the fact that the selected person would enjoy a higher salary etc. The lower costs to TCF associated with an internal promotion were also quoted, as were the advantages of having a new person in a senior post who is already familiar with TCF.

Task 4

- (a) Many candidates struggled with this task. A possible advantage included the target market being attracted to a high class shopping district. Further advantages were that the prestige and reputation of TCF may be improved by being associated with a high class shopping district, and that the number of potential customers would be increased if they were surrounded by shops seeking to attract a similar consumer.
- (b) The fact that higher profits from TCF would mean higher taxes for the government was recognised by many candidates. Another realistic reason was that reasonable profits should lead to the growth of TCF, which should in turn lead to more people being employed, which is a goal of all governments.
- (c) More locally made products would increase local employment was recognised by many candidates, and the fact that imports would be reduced was also recognised although the advantage of this was not always made clear. The positive effect on the balance of payments was rarely seen in an answer.
- (d) Whilst the importance of having a complaints procedure was recognised, the advantage of formalising this to enable management to obtain realistic or statistical information from the records was not as widely seen. The fact that customers would have confidence in TCF, if they had a complaint or comment with the formal complaint procedure in place, was often quoted and gained marks for the candidate.

Task 5

- (a) Most candidates realised that selling expensive furniture to discerning consumers, demands that high quality is considered important. It was also widely realised that a drop in quality would do harm to TCF's reputation and ultimately lead to a decrease in sales.
- (b) Most candidates seemed to know what segmentation means in a marketing sense, but then produced very general answers that identified 'high class consumers'. The better answers identified specific characteristics such as income, age, gender, home location etc.
- (c) This was a well answered task. Most candidates recognised that TCF's marketing department should know what was selling well, and what potential customers were enquiring about. Fashion and taste would be important and communication between the manufacturer and the marketing department would have to be two-way to ensure that TCF obtained the best possible products for its market.
- (d) Some good answers were seen although in many cases candidates seemed to have missed that the task asked for promotional **media**, and answers quoted such techniques as discounting which, whilst perfectly acceptable as promotional techniques, are not media. Better answers gave media such as television, radio, newspapers and magazines. Higher marks were obtained when a reason was given for choosing a particular media.