

BUSINESS ADVANCED LEVEL

Paper 5171

Business Organisation and Environment

General comments

It would be helpful if invigilators were asked to guide the candidates before they start the examination. The information on the front page needs *to be read out aloud in a clear voice* to the candidates so there is no question of misinterpretation of how they should proceed. Where candidates use loose sheets rather than an examination booklet, invigilators should check that the sheets have been assembled in the correct order. When a script is handed in at the end of an examination, it is not necessary for the invigilator to collect the examination paper also.

There are several areas of *continuing* concern arising from this examination:

- (i) 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. All too often, candidates fail to do justice to themselves simply because they either misread or fail to comprehend a task. Prior to the start of the examination, it must be reiterated that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination paper. *They must use that time wisely.*
- (ii) Unfortunately poor *examination technique* remains an issue and still hinders the achievement of higher marks for most 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 as resource material during the revision period.
- (iii) The object of having the case study is to expect candidates' responses to be made in *the appropriate context*. This means that responses *should, where appropriate, be clearly related to the case study*. Marks are often lost if the context is disregarded. It is not enough to display knowledge; it needs to be applied to the case study. Context is important.
- (iv) It is equally important that the whole syllabus is taught; some tasks were poorly answered owing to a general lack of business knowledge. **Task 4** of the paper was particularly weakly tackled indicating a lack of application of the case study and gaps in the knowledge required.
- (v) Candidates must learn that a succinct and focused answer is preferable to one that is convoluted and offers little substance. They need to differentiate between the demands of different value tasks. There is little to be gained from writing a detailed answer to a two-mark task and then giving scant attention to one offering four marks. At no point in the examination paper are candidates required to submit lengthy essay-type answers but they must write enough detail to demonstrate to the Examiner that they understand the tasks.
- (vi) It is readily acknowledged that the majority of candidates undertake the examination in a second language. Incorrect spelling and grammatical errors are **not** taken into consideration. The demonstration of business knowledge and, where required, the evidence of reasoning, is much more important than the quality of written language. However, it must be emphasised that very poorly expressed answers, especially those which expect the Examiner to guess a candidate's meaning and intention, may not be marked very favourably. Teachers need to emphasise these points when preparing candidates for the examination.

- (vii) Candidates must not underestimate the importance of *time management*. Mostly candidates are able to attempt all the tasks within the allotted time but it was quite clear that some answers were hurried. In some papers a disproportionate amount of time was spent on the early tasks thus leaving insufficient time for the remainder. 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.
- (viii) Layout remains an issue although overall scripts seem to be better presented. A few candidates did not clearly identify their responses or they offered them in an erratic manner e.g. **2(b)(ii)**, **1(a)(i)**, **5(b)(ii)**, then **3(c)(iii)** and so on. *It must be understood that 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 focus of the case study was a company called EasyPack which started out assembling flat-pack furniture and then added the removal of household and office contents, packing and unpacking, and storage services to its portfolio.

Task 1

- (a) (i) This task called for the explanation of three of EasyPack's business objectives. Each objective was worth up to four marks. The first of these was *sustained growth*. Most responses were weak because the essential point had been missed. Candidates recognised that EasyPack, like any company, needed to grow because it meant more contracts, business activity, higher turnover, better profits and, hopefully, an enhanced market share. However, they did not examine the point that sustained growth meant that EasyPack did not want rapid growth, rather it wanted incremental growth i.e. steady growth that they could afford.
- (ii) The second objective was *market penetration*. The problem here was that whilst candidates wrote well on the meaning of market penetration it was not entirely related to the case study. Very few mentioned that EasyPack occupied a niche market facing, therefore, few or even no other competitors. The point to have developed was that EasyPack needed to capture the niche market in order to ensure a secure position and to challenge any likely competition.
- (iii) The third and final objective was the *continual improvement in the nature and quality of its service*. This was the first indication that many candidates thought that EasyPack actually *produced* goods rather than offering a service. EasyPack was a success because it had developed a menu of quality services. It was necessary for the company to continue monitoring developments in respect of its services and improve them as appropriate. The essential issue was that in order to keep its place in the niche market, the company had to innovate and respond to clients' needs.
- (b) (i) Two marks were available for a description of *retained profit*. A number of answers described net profit i.e. the profit left after all deductions (tax and distributions to shareholders) but the focus should have been on that portion of net profit that was reinvested in the business to help with, for example, renewal and expansion i.e. a source of internal capital.
- (ii) Candidates were asked to describe the meaning of *overdraft* and mostly they answered competently enough i.e. that it was a borrowing arrangement with the bank to permit the withdrawal of more funds than were in the account. A response could have been reinforced with the mention that there was an agreed limit to an overdraft, or that the overdraft need not be drawn out at all, or that Abdul needed financial resources as the cash flow may have been subject to peaks and troughs.
- (c) (i) This task, and its companion, addressed the *business plan*. Candidates were asked to explain what was meant by a business plan and it proved an easy task for the majority. Two marks were awarded for an answer which suggested that a business plan was a report or statement indicating how the company would seek to achieve its objectives, and contained, among other things, the company's marketing plan, cash-flow forecast, projected profit/loss, finance, and the medium to

long term business forecast. There were those scripts, however, which ignored the case study and claimed the business plan was only a start-up document.

- (ii) Candidates were then asked to *explain one benefit to EasyPack of revising their business plan annually*. The case study pointed out that as the company was growing, it was desirable to update the business plan annually. While it was a necessary document when setting up a business, the process of revising a plan annually kept the directors and executives focused on their objectives. The annual revision enabled EasyPack to rethink its ideas and plans. Mostly candidates tackled this task quite well.

Task 2

- (a) (i) The managing director claimed that while all the company's stakeholders were important, customers and employees were the most significant. Candidates were asked firstly to explain why this was so in the case of *customers*. A limited response was awarded one or two marks with three or four marks recognising knowledge and context. The essential point to have emphasised was that without customers there would have been no business! This ought to have been recognised by every single response. EasyPack was customer focused: they provided the turnover, profit and the jobs. The security and future of the company relied on them.
- (ii) Secondly, candidates needed to focus on the *employees*. Most answers acknowledged that without the employees' the business could not survive. The employees were a major factor of 'production' and the company relied on their effort, expertise, commitment and cooperation. The quality of employees enhanced the image and reputation and so improved turnover.
- (b) (i) This task focused on company structure and candidates were asked to describe what was meant by a *hierarchical structure*. Most answers explained the nature of the structure being top-down and that it contained many layers or ranks between the 'shop floor' and the senior leadership team. Few really expanded on this and indicated that the structure had narrow spans of control and, further, that each employee had a clear role and area of responsibility. There was little application to the case study.
- (ii) The Directors were in favour of a *flat structure* and the task called for an explanation of why it would be more appropriate for EasyPack. The candidates offered fairly confident answers explaining the fact that vertical communication was improved as there were fewer layers through which it had to pass. Like the previous task, the award of four marks required some reinforcement and specific application to the case study. Candidates needed to point out that the flatter structure would create a wider span of control enabling more delegation of tasks and decision-making – and in so doing would help to motivate EasyPack employees as they would have more responsibility.
- (c) (i) The Board of EasyPack expected to appoint two non-executive directors and candidates were asked to describe a non-executive director. This task appears with some frequency and it seems that the types and functions of directors are still not clearly understood. On this occasion, just two marks were offered for a simple description. Although many more candidates were able to offer a competent answer they did not embellish it and prove their wider appreciation. Most recognised that a non-executive director was not employed by EasyPack and as such had no day-to-day involvement. Additional information would have included the point that the non-executive director could be invited to join the Board because of expertise or the representation of a stakeholder e.g. the company's bankers, shareholders, company pension fund.
- (ii) Following on from above, candidates were asked to suggest one benefit to EasyPack of appointing non-executive directors. Not being *directly* involved in the company, it could be argued that the non-executive director was more likely to be independent and offer unbiased advice. It was also thought that the director could act as a brake on dominant executive directors or at least encourage the Board to rethink its position. Many answers acknowledged the help an 'outside' director could bring to the business.

Task 3

- (a) Candidates should have been well prepared for this task. They were asked to discuss three expectations, for four marks each, that EasyPack's employees might reasonably have of their employers. The task was not tackled particularly well and advanced level candidates ought to go beyond elementary answers.

- (i) The first of these was *opportunities for advancement*. The basic point was that good work and satisfactory results ought to be rewarded by some form of promotion e.g. better job, increased responsibility, and more money. Additionally, the company could offer advancement in terms of job enlargement and/or job enrichment. Not all employees would want or be qualified for promotion but the chance to move sideways to widen experience would have been acceptable.
 - (ii) The second expectation was *fair wages and salaries*. Mostly answers talked of being paid enough to support families and that was an important point but the essential issue was a 'fair day's wage for a fair day's work'. Pay needed to be commensurate with the nature of the job, working conditions and level of responsibility; it should also have recognised training, experience, results, and achievement. A number of candidates acknowledged the skills element.
 - (iii) Finally, candidates were asked to address *suitable training and retraining opportunities*. EasyPack's services demanded skilled personnel in order to offer a reliable service; it was necessary to monitor and update the skills of their personnel. Training and retraining were elements of motivation and they helped employees with their personal development. Most answers talked of the obvious need to train but tended to omit the motivational element and the important point that training gave them a stake in the business.
- (b) EasyPack offered its employees a number of incentives and candidates were expected to suggest *two incentives* which the company might have offered its employees. Each incentive was worth one mark for a mention and two marks for a brief explanation. Only two incentives were asked for and in the case of more being offered then the best two were marked. The task was fairly easy in that candidates only had to select the likely incentives that EasyPack would offer to encourage loyalty and good performance e.g. medical/dental care, performance bonus, loyalty bonus, annual profit-sharing bonus, paid holidays and service days.
- (c) (i) This task dealt with *job sharing* and definitions were called for. Some answers were correct but there was much misinterpretation about job sharing, the most common being that it was shift work or that employees worked together to get a task completed more quickly. A simple explanation was required stating that it meant one job being undertaken by two people who split the working week (or other appropriate time period) between them (not necessarily on a 50:50 basis) with each employee being paid pro rata.
- (ii) This companion task required candidates to identify *one benefit to the company of job-sharing*. Each job was effectively undertaken by two part-timers who would, it was assumed, have less time off than a full-time employee. The company would benefit from synergy i.e. there would be greater productivity than with just one employee i.e. two fresh minds were applied to the job. A lot of answers repeated the confusions set out in the previous paragraph.

Task 4

- (a) Every company is affected by external or PEST factors that influence its business activity. Candidates were asked to explain how EasyPack might be influenced by three particular factors. This task is a feature of this examination paper and candidates ought to be made aware of that and be prepared for it. Each explanation of a factor carried up to four marks. The general level of performance was uninspiring with the main problem being the lack of application to the case study.
- (i) The first factor or influence was *competition*. Clearly competition is an issue for any business but it could have sharpened EasyPack's focus on its market with an impact, perhaps, on its pricing structure and menu of services. Although EasyPack operated in a niche market, the few competitors could have, potentially, adopted aggressive enough marketing tactics to force EasyPack out of business. The better candidates would have recognised that this item linked with **1(a)(iii)** continual improvement in the nature and quality of its service.
 - (ii) The second factor was *inflation*. Candidates knew what it was but did not exploit the opportunity to discuss its likely impact on EasyPack. Inflation could be caused either by the government's policies or imposed by world economic circumstances; either way there would be some effect on staff pay and the company's prices. The level of inflation could be moderate or extreme and EasyPack would have to adjust its policies to ensure its survival.

- (iii) The third factor was perhaps the hardest of the three, namely *government policies towards business*. Candidates were not required to rehearse an in-depth knowledge of the impact of any law or policy but rather to indicate the general and assumed effect on EasyPack. Essentially, the task was about the government's attitude towards enterprise as evidence through, for example, taxation policies; employment laws; incentives to train employees, invest, and expand; restrictions on overseas trading. Candidates needed to demonstrate that they understood that government could affect a business.
- (b) Parts (i) and (ii) addressed the factors that influenced the company's choice of location. They were not very successfully tackled with most candidates unable to appreciate the factors, at least not in context.
- (i) The first factor was *infrastructure*. The case study said that the company's locations were *entirely* influenced by infrastructure and site and occupancy costs. The company's premises had to be accessible to some customers but EasyPack needed a location which satisfied its own requirements e.g. road and rail links, utilities like waste disposal and power, reliable telecommunications. Most responses offered nothing more than road and rail links and occasionally airports.
- (ii) EasyPack's situation was made quite clear in the case study and the matter of *site and occupancy costs* ought to have been well understood. The clue was in the text which said that it was not necessary to have premises in an expensive district. It may impress clients and indicate success but it was not necessary for EasyPack's business. Four marks were available here and candidates should have recognised the nature of the company's business and that a prestige address and its upkeep were likely to be expensive i.e. costs which had to be provided for in their pricing structure i.e. to offer an affordable menu of services, EasyPack needed to control costs so there was a requirement for reasonable rent/leases/maintenance. Every square metre of warehouse, garage and office had to pay for itself.

Task 5

- (a) Candidates were asked to explain the importance to EasyPack of a *customer service policy*. While many answers dealt with the nature of the policy very few acknowledged its importance to EasyPack. The salient point to emphasise was that the policy recognised the client as the company's main resource i.e. clients provide salaries and wages, and profits. The aim of the policy should be the development of customer loyalty and so further business. Customer service dealt with a client's experience of dealing with EasyPack whose reputation depended on positive client reaction.
- (b)(i) This task considered the influences on EasyPack's marketing policy. The first influence was *pricing*. The company offered fixed prices for standard services but negotiated prices for larger customers and special requirements. Candidates understood this but most did not pursue the essential point about the company existing in a niche market which, in turn, would affect its pricing policy. While prices had to be seen to be fair in order to attract business, EasyPack could, to some degree, charge what it liked so long as it remained the leader in the niche market.
- (ii) The second influence was the *size of their market*. This task also relied on the acknowledgement of the niche market: EasyPack did not occupy a place in a mass market and so their market size was critical. Some candidates would have recognised that this task linked with **1(a)(ii)** market penetration. The explanation was that while EasyPack was in a niche market where there was little competition, the company had to be innovative and client responsive in order to maintain its position.
- (iii) The third influence was the *availability of substitute services*. This was not very successful as most candidates missed the point by suggesting that EasyPack had alternative services to offer potential clients i.e. if any one service was unacceptable then the company could offer another. Again the niche market was important. If there were others in the niche market, what range and quality of advice and service did they offer? Would the presence of competition influence EasyPack in terms of prices? The availability of substitutes might have encouraged EasyPack to be the best in the market.

- (c) The final task called for an explanation of what the Managing Director meant when he said the Company had the right *marketing mix*. Candidates knew what the 4 Ps were but did not apply them to the case study. The correct identity of the 4 Ps earned just one mark out of the four allocated. Candidates were required to give an indication of their understanding of the 4 Ps as they applied to EasyPack e.g. there was a standard *price* but with some discrimination pricing; the *product* was first class and expert packing/unpacking and removal service; *promotion* was by word of mouth and appropriate publicity; and the *place* was both home and abroad. No candidate acknowledged that the company was a success so that, in itself, justified the claim regarding the marketing mix.

BUSINESS ADVANCED LEVEL

Paper 8929/5172

Effective Business Communication

General comments

It is pleasing to report that an increasing number of Centres seem to be using previous question papers and Reports on the Examinations to help prepare their candidates for the examination. There was evidence that some candidates were aware of, and applied, key hints and tips given in previous reports. There were some Centres where the majority of candidates wrote good scripts. Candidates from these Centres demonstrated very good knowledge and understanding of the subject area and applied their knowledge to the case study. There were a few excellent scripts and a number of good scripts where a good level of knowledge was demonstrated. It was also encouraging to see that more candidates provided explanations in their answers, although there are still a number of candidates who continue to provide lists of bullet points rather than writing more in-depth answers.

There remains some concern amongst the examining team that candidates often read and respond to only part of a task, and as a result are unable to achieve better marks. Furthermore, it seems that some candidates have rote-learned answers, which they then apply to a similar task in the question paper. These candidates have tried to predict what will be in the question paper, based on previous papers, and have memorised answers to these tasks, which they then write out instead of answering the task which is on the question paper. The tasks do change and vary from session to session and are never identical, so this practice should be discouraged.

Time management continues to be an issue as many candidates run out of time during **Task 5**. Candidates must be encouraged to manage their time much better as they are losing valuable marks. Centres are encouraged to help their candidates to improve their examination techniques, such as time planning, so that each task and sub-task is answered.

As previously noted, the presentation of examination scripts continues to be an issue. There is a variable standard of presentation, with some candidates really making an effort to present their work in a well structured and meaningful way, and others paying no attention to the presentation of their answers. A clearly set out answer is easier for the examiner to follow and award marks. It also means that the candidate can easily check their own responses, to see that they have fully answered the question. Examiners are instructed to check and mark every page, but if the script is untidy or unstructured the examiner may not be able to find all the relevant responses, and marks will have been unnecessarily lost. As a business communications paper, presentation is, and will always be, essential and candidates should be mindful of this when writing their papers.

Comments on specific tasks

Task 1

(a) This task asked for 'three' reasons why effective internal communication is important in helping the product research group meet its targets.

Many answers showed only a basic understanding of the importance of internal communication and often showed a lack of knowledge too. Although this was often centre specific, it is clearly an area that needs further study.

Answers could have stated that effective internal communication enables a business to:

- clearly communicate the aims and objectives of the organisation to all levels
- pass on important messages regarding the organisation and its day-to-day business

- pass on important messages about events, special occasions and incidents which may affect the business
- enable managers and supervisors to communicate effectively in a range of situations
- act as a tool for communicating information during a time of organisational change or a business crisis
- avoid misunderstandings or the breakdown of communication within the organisation

(b) **Task (b)** asked candidates to identify four potential problems that the product development group could face because of poor communication between them and the rest of the organisation. Candidates were expected to identify problems which could arise because of poor communication but many wrote at length about culture and language. The answer should have focused on areas such as the possible breakdown of internal relationships, the failure of groups to work together or the creation of barriers to communication because of internal problems. This is an essential component of understanding the importance of good internal communication, and requires further study by a majority of Centres.

(c) The final part of the task asked candidates to explain what was meant by verbal and non-verbal communication. Only a few candidates were able to identify appropriate answers. Many candidates tended to focus on an explanation of only one of the types of communication, instead of writing about both verbal and non-verbal communication. Surprisingly, many candidates still see non-verbal communication only as 'written communication'. This is not the case; the focus must be on body language, gestures and signals created by body movements.

Task 2

(a) The first part of the task asked candidates to write a memo to the product research group inviting them to attend a meeting. Candidates managed the formatting of the memo very well, but were less confident when it came to writing the content of the main part of the memo. These candidates did not give the necessary details nor did they put them in the context of the product development group at Groovy Girls Ltd. The content should have included an explanation of the purpose of the meeting, the time, the venue and any other arrangements.

(b) The next task asked for three reasons for using email and the Internet as a sales channel. This task was very well answered, and clearly candidates fully understood the benefits of using the Internet in the context of sales. Answers included global access, 24/7 access, speed of access and volume of information. All in all quite pleasing as many candidates achieved full marks.

Task 3

(a) Candidates were asked for five group characteristics which would help the group to manage multiple projects effectively. This task appeared to really challenge some candidates. Tasks on the characteristics of groups have appeared in previous question papers, but the context in this case study appeared to cause some difficulty to candidates in specific Centres. Candidates from other Centres were able to provide good answers to the task.

(b) **Task 3 (b)** asked candidates to identify five characteristics of a successful meeting. Again the term characteristic, which has been used in previous sessions, appeared to cause some candidates problems. However, the majority of candidates did this task well, with many candidates scoring quite highly.

Task 4

(a) This task asked candidates to provide two purposes of an employment interview. This task was generally answered quite well, with some candidates providing three or four purposes of an employment interview. This was not required, as the task clearly asked for only two.

(b) Candidates were asked in **Part (b) of Task 4**, to prepare for an employment interview for a junior marketing manager. This type of task has appeared in previous sessions and candidates often get parts of it right. There were only a few candidates who scored highly on this task. Candidates tended to focus too much on the pre-interview stages and not on the interview itself. The focus of the task was to consider what happens during and after an interview. Clearly the knowledge of the subject was there, but the ability to develop it and use it effectively was limited. It is important that

candidates realise that a list of bullet points is not sufficient at this level. There must be some expansion on the points. It is important that candidates understand that in terms of business communications they would very rarely be asked to produce a list of bullet points. Their manager would expect some explanation of the points. This has been mentioned in previous reports, and it is important that candidates understand that only in-depth answers attract better marks. Bullet points do not score highly.

- (c) The final part of the task asked candidates to identify two different types of question that could be used during an employment interview. In particular the Examiners were looking for a mention of leading questions, hypothetical questions, open and closed questions. Candidates were asked to identify, explain and provide an example of each. Whilst many candidates responded well to the task, some of the examples provided for each type of question were quite weak or muddled. It is suggested that there is more focus on developing suitable examples.

Task 5

- (a) Candidates were asked to identify the two most helpful visual charts for presenting the trends in technology growth over a period of five years. They were also required to explain two advantages and disadvantages of each one. Many candidates thought that a pie chart would be able to do this, which is not correct, as the chart needs to show a trend over time. Good answers would have identified line graphs and bar charts. The application of visual charts is very important, it is not enough to know of the existence of such important communication tools, but also to understand when each type of chart should be used to provide the best way of presenting specific information.

- (b) **Task 5 (b)** asked candidates for two ways in which communications technology could be used to aid the presentation of complex data. The point was to show an understanding of how software programmes could be used to help present data. Good answers would have included the following:

- the use of spreadsheets – for setting up logarithms to aid calculations such as cash flow and budgets
- the use of spreadsheets – to convert data into line graphs or bar charts
- the use of PowerPoint software – to present information graphically and electronically.

Many candidates wrote about technological equipment such as overhead projectors, laptops, DVD's, flat screens, which did not really explain how the communication of information could be improved. The key was to link the use of effective software to presenting complex data, supported by the technology. The technology on its own cannot achieve anything. For example a laptop is only useful if there is data and if the data has been organised and analysed, usually by using a spreadsheet. The laptop can then be used to display the data.

- (c) Finally, candidates were asked to identify ways in which multi media could be used to aid and enhance the quality of presentations on the research data. Good answers would have included:

- Animation
- Computer graphics
- Basic visual aids
- Pre-prepared slides
- Power Point as a means of producing high quality presentations

BUSINESS ADVANCED LEVEL

<p>Paper 5173 Business Finance</p>
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General comments

Overall the performance of the candidates in the May 2008 examination was satisfactory with many candidates demonstrating that they had a reasonable knowledge of the subject areas covered by the examination paper. However, it is disappointing to report that many candidates underachieved as they did not produce complete answers to all parts of the tasks. It was also evident that candidates did not manage their time effectively and therefore they lost valuable marks by producing answers that were too brief. Once again, it is necessary to report that many candidates lost marks when undertaking the calculations required in the tasks because they did not produce a formula and/or show their workings. This issue must be addressed by Centres in order that future candidates are afforded the best opportunities for succeeding.

Centres are also urged to instruct candidates in the need to provide simple, precise definitions of terms in order to achieve full marks.

Comments on specific tasks

Task 1

The answers to all of **parts (a) to (e)** of this task were rather patchy, with some candidates doing very well and others doing poorly.

Most candidates produced satisfactory answers to **part (a)** but the answers to **part (b)** were often vague or irrelevant.

The answers to **part (c)** were often too brief to merit the full marks and candidates are urged to study the mark allocations on the paper in order to decide how much time they should spend in answering each part of the task.

The answers to **part (d)** were generally quite good with candidates producing well considered responses.

The answers to **part (e)** were either completely accurate or totally wrong and this would seem to indicate a gap in the knowledge of a sizeable minority of the candidates.

Task 2

Overall the answers provided for this task were good with the vast majority of candidates demonstrating that they understood how to undertake the calculation required in **part (a)**. However, it is disappointing to have to report that some candidates are losing marks simply because they do not provide evidence of how they are undertaking their calculations. Centres are urged to instruct future candidates to provide formulae and to show their workings when undertaking calculations.

The answers provided for **part (b)** were disappointing as very vague statements were produced.

Task 3

Overall the answers to **parts (a) (i) and (ii)** were satisfactory with the majority of candidates able to identify the users of accounts and why these users would have an interest in the accounts.

The answers provided for **part (b)** of the task were rather patchy with some candidates achieving near full marks whilst others achieved very disappointing results. The task required candidates to select appropriate

ratios and then to extract relevant data from the case study to complete the calculation. Sadly, too many candidates did not complete these three phases of the task and therefore lost marks as a result.

Task 4

Overall the answers provided to this task were very satisfactory with the majority of candidates demonstrating that they understood how the stock valuation methods operated. The responses to **part (b)** were often rather vague and as a result candidates seldom achieved high marks.

Task 5

Overall the answers provided for this task were satisfactory with most candidates able to provide examples of accounting principles and explanations of their selected principles.

The answers to **part (b)** were rather disappointing as many candidates did not apply the principles to the case study material and therefore their answers did not merit a high mark tariff.

BUSINESS ADVANCED LEVEL

Paper 8929/5174

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.

However, there were unfortunately a number of candidates who showed weaknesses in their understanding of the subject or in examinations skills. There appear to be some common reasons for poor performance by candidates and Centres should note the following points:

- Some candidates appear to not know the whole of the syllabus, and so answer incorrectly and inappropriately for the situation described.
- Some candidates know the basics of the syllabus, but do not or cannot apply the relevant concepts to the case study scenario. These candidates tend to waste time by writing all that they know about a particular topic, without making any attempt to make it relevant to the wording of the task.
- Some candidates do not attempt all the tasks on the paper.

Candidates often, under the pressure of the examination situation, do not read or analyse the requirements of the task sufficiently. 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 identify the differences between product and market orientation and most did this well.
- (b) The second part of this task proved more difficult to many candidates. Some were clearly unaware of key roles that might exist within a marketing department. All should have been able to identify the role of the marketing manager and marketing assistant or executive. In addition a wide range of roles were accepted by the examiners, including communications, product, research and customer care roles. Some candidates listed five marketing assistants all helping the manager to put the plan into operation. This did not demonstrate knowledge of five roles and only three of the 15 marks available could be awarded.

Task 2

- (a) This part of the task asked for the five stages of the marketing research process to be identified and explained. Most candidates could do this part of the task quite well.
- (b) Again, in this part of the task, many candidates were able to identify a reason why research was needed by Endico, although fewer were able to state how the information gained might be used.

Task 3

This task explored the decision-making unit in detail.

- (a) The five marks for the first part of the task should have been easily achieved as all that was required was a list of the five roles in the decision-making unit (DMU).

- (b)(i)** This part of the task asked for the roles in the DMU to be linked to the individuals in the buying unit from the case study. Some flexibility was applied by the examiners but it was still disappointing to see how few candidates were able to apply their knowledge here.
- (ii)** The final part of the task proved difficult for many candidates. In most cases candidates were not able to identify what the key influences were or how marketing could be used to respond to them. Some were able to identify the main areas of influence as being the business environment, personal characteristics and individual circumstances. However, candidates were expected to select an appropriate example of an influence on each individual in the DMU in the case study and then suggest how marketing activities could be used to respond and influence the individual towards a positive purchase decision. Tutors could help candidates by encouraging them to think about what influences their own purchase decisions and then extending this to family and then business and business situations.

Task 4

This task was very poorly done and many candidates did not even attempt the task. Many found it difficult to write SMART objectives in spite of the fact that this area of the syllabus has been examined on many occasions. In part **(b)** it was good to see that many candidates could draw a diagram of the Ansoff matrix and label it appropriately. However, only a few explained how it might be useful to Endico.

Task 5

- (a)** Some candidates were clearly unaware of the stages in the new product development process, and attempted to answer with very general statements about the product area of the marketing mix. Of more concern was the fact that some candidates only seemed to have read and registered the request for 'seven' stages, and linked this to the 7Ps of the extended marketing mix, which was not required. The seven steps involved in this process are listed in the syllabus for this module, and just listing them correctly would have attracted seven easy marks. A further seven marks were available for explaining each stage.
- (b)** In this final part of the task candidates were asked to identify how the people element of the mix could be improved. The case study gave information about poor performance from both customer service staff and sales staff and this could have been addressed in several ways including through training and performance reviews. Many candidates were able to identify suitable improvements here.

BUSINESS ADVANCED LEVEL

Paper 5175

Human Resource Management

General comments

It is pleasing to note that the standard of the answers to this year's paper has improved. What is more pleasing and also noticeable is the fact that candidates are beginning to understand what is required to pass an examination. Many candidates showed a high level of examination skill which had obviously been part of their course.

Slightly less pleasing is the fact that there are still areas of the syllabus that are less well covered and other areas where students are taught well beyond the requirements of the syllabus, where they gain no benefits. Equally there are still issues with candidates applying the knowledge they have to the case study situations.

Comments on specific tasks

Task 1

It appears that this area of the syllabus is being ignored, rather than being taught as a specific topic.

- (a) Candidates clearly only have a general knowledge of the meaning of human Resource Management (HRM) and, therefore, application to the case study was difficult or non-existent.
- (b) Similarly, candidates rarely have a detailed knowledge of the purpose of HRM, which makes the application of the concept to the case study extremely difficult.
- (c) Candidates understand the concepts of centralised and decentralised HRM but were not able to apply the concepts to the case study situation. Candidates should be encouraged to go beyond pure knowledge at this level. The application of their knowledge is important.

Task 2

Candidates have a good knowledge of the factors that might affect the local labour market but few appear to have actually studied a market, either their own or that of another region.

- (a) Too many candidates merely quoted the features of a generic labour market rather than the labour market in the case study. A number of candidates listed the features and did not describe the labour market, as required by the task.
- (b) This particular task created many problems for the candidates. Even those candidates who were able to answer **part (a)** correctly found it difficult to apply their knowledge. Application of knowledge is extremely important and candidates should be encouraged to use their knowledge in different situations.
- (c) The phrase "the legal environment" appears to cause candidates problems yet it is taken directly from the syllabus. It is important for the candidates to have a copy of the syllabus and learn its language. The majority of the candidates interpreted this task as "how does health and safety affect ZKK". This only covered part of the answer and so for the majority of the candidates the marks were limited.

Task 3

This task highlighted areas of the syllabus that are traditionally very strong but also one area that is often neglected.

- (a) Every candidate was able to explain the recruitment process but this was not asked for. The purpose caused slightly more problems and some candidates were confused between recruitment and selection.
- (b) Candidates performed extremely well in this area, as expected. Many candidates provided a very thorough step by step process with the sort of detail expected for a 10 mark task.
- (c) This is an area that appears to have been neglected. It is of concern that so few candidates were able to make more than a very general attempt at this task. As an important part of HRM it is important that candidates understand the importance of planning and the processes. Once again all of the clues were in the case study text.

Task 4

This section of the syllabus is a popular section. It appears to have been taught very well and clearly understood by the candidates.

- (a) There still appears to be some confusion between working patterns, working structures and contracts. This confusion is less than previously but still exists. The majority of candidates were able to offer 'shifts' for this task but few were able to provide a second alternative.
- (b) Candidates clearly understand the methods for monitoring the work of employees. The answers were very detailed but largely ignored the evaluation aspect that was in the task. Answering the full task is a necessity to gain all of the marks available.
- (c) Candidates explained at great length the different communication and conflict resolution systems that exist and how they operate. However, they were unable in the majority of cases to apply this knowledge to the situation at ZKK.

Task 5

This is a favourite area of the syllabus but too often the answers suffered because they had to be rushed to complete the paper on time. Candidates should be encouraged to plan their time carefully to ensure that they attempt every task.

- (a) The answers to this task were extremely pleasing and candidates produced full and accurate answers.
- (b) Candidates understand the different payment methods and how they are used but not why they are used. Too many quoted piece rates, used to increase output, as a payment for increased quality. Time spent on the different reasons for different payment methods would be well spent.
- (c) In contrast to many of the previous tasks the candidates used the materials provided in the case study and answered this task very well. The majority were unable to go beyond the case study material but they did try and should be congratulated for this.

BUSINESS ADVANCED LEVEL

Paper 5179

Business Organisation and Environment

General comments

It would be helpful if invigilators were asked to guide the candidates before they start the examination. The information on the front page needs *to be read out aloud in a clear voice* to the candidates so there is no question of misinterpretation of how they should proceed. Where candidates use loose sheets rather than an examination booklet, invigilators should check that the sheets have been assembled in the correct order. When a script is handed in at the end of an examination, it is not necessary for the invigilator to collect the examination paper also.

There are several areas of *continuing* concern arising from this examination:

- (i) 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. All too often, candidates fail to do justice to themselves simply because they either misread or fail to comprehend a task. Prior to the start of the examination, it must be reiterated that 15 minutes' reading time is provided in order to help candidates become acquainted with the contents of the examination paper. *They must use that time wisely.*
- (ii) Unfortunately poor *examination technique* remains an issue and still hinders the achievement of higher marks for most 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 as resource material during the revision period.
- (iii) The object of having the case study is to expect candidates' responses to be made in *the appropriate context*. This means that responses *should, where appropriate, be clearly related to the case study*. Marks are often lost if the context is disregarded. It is not enough to display knowledge; it needs to be applied to the case study. Context is important.
- (iv) It is equally important that the whole syllabus is taught; some tasks were poorly answered owing to a general lack of business knowledge. **Task 4** of the paper was particularly weakly tackled indicating a lack of application of the case study and gaps in the knowledge required.
- (v) Candidates must learn that a succinct and focused answer is preferable to one that is convoluted and offers little substance. They need to differentiate between the demands of different value tasks. There is little to be gained from writing a detailed answer to a two-mark task and then giving scant attention to one offering four marks. At no point in the examination paper are candidates required to submit lengthy essay-type answers but they must write enough detail to demonstrate to the Examiner that they understand the tasks.
- (vi) It is readily acknowledged that the majority of candidates undertake the examination in a second language. Incorrect spelling and grammatical errors are **not** taken into consideration. The demonstration of business knowledge and, where required, the evidence of reasoning, is much more important than the quality of written language. However, it must be emphasised that very poorly expressed answers, especially those which expect the Examiner to guess a candidate's meaning and intention, may not be marked very favourably. Teachers need to emphasise these points when preparing candidates for the examination.

- (vii) Candidates must not underestimate the importance of *time management*. Mostly candidates are able to attempt all the tasks within the allotted time but it was quite clear that some answers were hurried. In some papers a disproportionate amount of time was spent on the early tasks thus leaving insufficient time for the remainder. 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.
- (viii) Layout remains an issue although overall scripts seem to be better presented. A few candidates did not clearly identify their responses or they offered them in an erratic manner e.g. **2(b)(ii)**, **1(a)(i)**, **5(b)(ii)**, then **3(c)(iii)** and so on. *It must be understood that 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 focus of the case study was a company called EasyPack which started out assembling flat-pack furniture and then added the removal of household and office contents, packing and unpacking, and storage services to its portfolio.

Task 1

- (a) (i) This task called for the explanation of three of EasyPack's business objectives. Each objective was worth up to four marks. The first of these was *sustained growth*. Most responses were weak because the essential point had been missed. Candidates recognised that EasyPack, like any company, needed to grow because it meant more contracts, business activity, higher turnover, better profits and, hopefully, an enhanced market share. However, they did not examine the point that sustained growth meant that EasyPack did not want rapid growth, rather it wanted incremental growth i.e. steady growth that they could afford.
- (ii) The second objective was *market penetration*. The problem here was that whilst candidates wrote well on the meaning of market penetration it was not entirely related to the case study. Very few mentioned that EasyPack occupied a niche market facing, therefore, few or even no other competitors. The point to have developed was that EasyPack needed to capture the niche market in order to ensure a secure position and to challenge any likely competition.
- (iii) The third and final objective was the *continual improvement in the nature and quality of its service*. This was the first indication that many candidates thought that EasyPack actually *produced* goods rather than offering a service. EasyPack was a success because it had developed a menu of quality services. It was necessary for the company to continue monitoring developments in respect of its services and improve them as appropriate. The essential issue was that in order to keep its place in the niche market, the company had to innovate and respond to clients' needs.
- (b) (i) Two marks were available for a description of *retained profit*. A number of answers described net profit i.e. the profit left after all deductions (tax and distributions to shareholders) but the focus should have been on that portion of net profit that was reinvested in the business to help with, for example, renewal and expansion i.e. a source of internal capital.
- (ii) Candidates were asked to describe the meaning of *overdraft* and mostly they answered competently enough i.e. that it was a borrowing arrangement with the bank to permit the withdrawal of more funds than were in the account. A response could have been reinforced with the mention that there was an agreed limit to an overdraft, or that the overdraft need not be drawn out at all, or that Abdul needed financial resources as the cash flow may have been subject to peaks and troughs.
- (c) (i) This task, and its companion, addressed the *business plan*. Candidates were asked to explain what was meant by a business plan and it proved an easy task for the majority. Two marks were awarded for an answer which suggested that a business plan was a report or statement indicating how the company would seek to achieve its objectives, and contained, among other things, the company's marketing plan, cash-flow forecast, projected profit/loss, finance, and the medium to

long term business forecast. There were those scripts, however, which ignored the case study and claimed the business plan was only a start-up document.

- (ii) Candidates were then asked to *explain one benefit to EasyPack of revising their business plan annually*. The case study pointed out that as the company was growing, it was desirable to update the business plan annually. While it was a necessary document when setting up a business, the process of revising a plan annually kept the directors and executives focused on their objectives. The annual revision enabled EasyPack to rethink its ideas and plans. Mostly candidates tackled this task quite well.

Task 2

- (a) (i) The managing director claimed that while all the company's stakeholders were important, customers and employees were the most significant. Candidates were asked firstly to explain why this was so in the case of *customers*. A limited response was awarded one or two marks with three or four marks recognising knowledge and context. The essential point to have emphasised was that without customers there would have been no business! This ought to have been recognised by every single response. EasyPack was customer focused: they provided the turnover, profit and the jobs. The security and future of the company relied on them.
- (ii) Secondly, candidates needed to focus on the *employees*. Most answers acknowledged that without the employees' the business could not survive. The employees were a major factor of 'production' and the company relied on their effort, expertise, commitment and cooperation. The quality of employees enhanced the image and reputation and so improved turnover.
- (b) (i) This task focused on company structure and candidates were asked to describe what was meant by a *hierarchical structure*. Most answers explained the nature of the structure being top-down and that it contained many layers or ranks between the 'shop floor' and the senior leadership team. Few really expanded on this and indicated that the structure had narrow spans of control and, further, that each employee had a clear role and area of responsibility. There was little application to the case study.
- (ii) The Directors were in favour of a *flat structure* and the task called for an explanation of why it would be more appropriate for EasyPack. The candidates offered fairly confident answers explaining the fact that vertical communication was improved as there were fewer layers through which it had to pass. Like the previous task, the award of four marks required some reinforcement and specific application to the case study. Candidates needed to point out that the flatter structure would create a wider span of control enabling more delegation of tasks and decision-making – and in so doing would help to motivate EasyPack employees as they would have more responsibility.
- (c) (i) The Board of EasyPack expected to appoint two non-executive directors and candidates were asked to describe a non-executive director. This task appears with some frequency and it seems that the types and functions of directors are still not clearly understood. On this occasion, just two marks were offered for a simple description. Although many more candidates were able to offer a competent answer they did not embellish it and prove their wider appreciation. Most recognised that a non-executive director was not employed by EasyPack and as such had no day-to-day involvement. Additional information would have included the point that the non-executive director could be invited to join the Board because of expertise or the representation of a stakeholder e.g. the company's bankers, shareholders, company pension fund.
- (ii) Following on from above, candidates were asked to suggest one benefit to EasyPack of appointing non-executive directors. Not being *directly* involved in the company, it could be argued that the non-executive director was more likely to be independent and offer unbiased advice. It was also thought that the director could act as a brake on dominant executive directors or at least encourage the Board to rethink its position. Many answers acknowledged the help an 'outside' director could bring to the business.

Task 3

- (a) Candidates should have been well prepared for this task. They were asked to discuss three expectations, for four marks each, that EasyPack's employees might reasonably have of their employers. The task was not tackled particularly well and advanced level candidates ought to go beyond elementary answers.

- (i) The first of these was *opportunities for advancement*. The basic point was that good work and satisfactory results ought to be rewarded by some form of promotion e.g. better job, increased responsibility, and more money. Additionally, the company could offer advancement in terms of job enlargement and/or job enrichment. Not all employees would want or be qualified for promotion but the chance to move sideways to widen experience would have been acceptable.
 - (ii) The second expectation was *fair wages and salaries*. Mostly answers talked of being paid enough to support families and that was an important point but the essential issue was a 'fair day's wage for a fair day's work'. Pay needed to be commensurate with the nature of the job, working conditions and level of responsibility; it should also have recognised training, experience, results, and achievement. A number of candidates acknowledged the skills element.
 - (iii) Finally, candidates were asked to address *suitable training and retraining opportunities*. EasyPack's services demanded skilled personnel in order to offer a reliable service; it was necessary to monitor and update the skills of their personnel. Training and retraining were elements of motivation and they helped employees with their personal development. Most answers talked of the obvious need to train but tended to omit the motivational element and the important point that training gave them a stake in the business.
- (b) EasyPack offered its employees a number of incentives and candidates were expected to suggest *two incentives* which the company might have offered its employees. Each incentive was worth one mark for a mention and two marks for a brief explanation. Only two incentives were asked for and in the case of more being offered then the best two were marked. The task was fairly easy in that candidates only had to select the likely incentives that EasyPack would offer to encourage loyalty and good performance e.g. medical/dental care, performance bonus, loyalty bonus, annual profit-sharing bonus, paid holidays and service days.
- (c) (i) This task dealt with *job sharing* and definitions were called for. Some answers were correct but there was much misinterpretation about job sharing, the most common being that it was shift work or that employees worked together to get a task completed more quickly. A simple explanation was required stating that it meant one job being undertaken by two people who split the working week (or other appropriate time period) between them (not necessarily on a 50:50 basis) with each employee being paid pro rata.
- (ii) This companion task required candidates to identify *one benefit to the company of job-sharing*. Each job was effectively undertaken by two part-timers who would, it was assumed, have less time off than a full-time employee. The company would benefit from synergy i.e. there would be greater productivity than with just one employee i.e. two fresh minds were applied to the job. A lot of answers repeated the confusions set out in the previous paragraph.

Task 4

- (a) Every company is affected by external or PEST factors that influence its business activity. Candidates were asked to explain how EasyPack might be influenced by three particular factors. This task is a feature of this examination paper and candidates ought to be made aware of that and be prepared for it. Each explanation of a factor carried up to four marks. The general level of performance was uninspiring with the main problem being the lack of application to the case study.
- (i) The first factor or influence was *competition*. Clearly competition is an issue for any business but it could have sharpened EasyPack's focus on its market with an impact, perhaps, on its pricing structure and menu of services. Although EasyPack operated in a niche market, the few competitors could have, potentially, adopted aggressive enough marketing tactics to force EasyPack out of business. The better candidates would have recognised that this item linked with **1(a)(iii)** continual improvement in the nature and quality of its service.
 - (ii) The second factor was *inflation*. Candidates knew what it was but did not exploit the opportunity to discuss its likely impact on EasyPack. Inflation could be caused either by the government's policies or imposed by world economic circumstances; either way there would be some effect on staff pay and the company's prices. The level of inflation could be moderate or extreme and EasyPack would have to adjust its policies to ensure its survival.

- (iii) The third factor was perhaps the hardest of the three, namely *government policies towards business*. Candidates were not required to rehearse an in-depth knowledge of the impact of any law or policy but rather to indicate the general and assumed effect on EasyPack. Essentially, the task was about the government's attitude towards enterprise as evidence through, for example, taxation policies; employment laws; incentives to train employees, invest, and expand; restrictions on overseas trading. Candidates needed to demonstrate that they understood that government could affect a business.
- (b) Parts (i) and (ii) addressed the factors that influenced the company's choice of location. They were not very successfully tackled with most candidates unable to appreciate the factors, at least not in context.
- (i) The first factor was *infrastructure*. The case study said that the company's locations were *entirely* influenced by infrastructure and site and occupancy costs. The company's premises had to be accessible to some customers but EasyPack needed a location which satisfied its own requirements e.g. road and rail links, utilities like waste disposal and power, reliable telecommunications. Most responses offered nothing more than road and rail links and occasionally airports.
- (ii) EasyPack's situation was made quite clear in the case study and the matter of *site and occupancy costs* ought to have been well understood. The clue was in the text which said that it was not necessary to have premises in an expensive district. It may impress clients and indicate success but it was not necessary for EasyPack's business. Four marks were available here and candidates should have recognised the nature of the company's business and that a prestige address and its upkeep were likely to be expensive i.e. costs which had to be provided for in their pricing structure i.e. to offer an affordable menu of services, EasyPack needed to control costs so there was a requirement for reasonable rent/leases/maintenance. Every square metre of warehouse, garage and office had to pay for itself.

Task 5

- (a) Candidates were asked to explain the importance to EasyPack of a *customer service policy*. While many answers dealt with the nature of the policy very few acknowledged its importance to EasyPack. The salient point to emphasise was that the policy recognised the client as the company's main resource i.e. clients provide salaries and wages, and profits. The aim of the policy should be the development of customer loyalty and so further business. Customer service dealt with a client's experience of dealing with EasyPack whose reputation depended on positive client reaction.
- (b)(i) This task considered the influences on EasyPack's marketing policy. The first influence was *pricing*. The company offered fixed prices for standard services but negotiated prices for larger customers and special requirements. Candidates understood this but most did not pursue the essential point about the company existing in a niche market which, in turn, would affect its pricing policy. While prices had to be seen to be fair in order to attract business, EasyPack could, to some degree, charge what it liked so long as it remained the leader in the niche market.
- (ii) The second influence was the *size of their market*. This task also relied on the acknowledgement of the niche market: EasyPack did not occupy a place in a mass market and so their market size was critical. Some candidates would have recognised that this task linked with **1(a)(ii)** market penetration. The explanation was that while EasyPack was in a niche market where there was little competition, the company had to be innovative and client responsive in order to maintain its position.
- (iii) The third influence was the *availability of substitute services*. This was not very successful as most candidates missed the point by suggesting that EasyPack had alternative services to offer potential clients i.e. if any one service was unacceptable then the company could offer another. Again the niche market was important. If there were others in the niche market, what range and quality of advice and service did they offer? Would the presence of competition influence EasyPack in terms of prices? The availability of substitutes might have encouraged EasyPack to be the best in the market.

- (c) The final task called for an explanation of what the Managing Director meant when he said the Company had the right *marketing mix*. Candidates knew what the 4 Ps were but did not apply them to the case study. The correct identity of the 4 Ps earned just one mark out of the four allocated. Candidates were required to give an indication of their understanding of the 4 Ps as they applied to EasyPack e.g. there was a standard *price* but with some discrimination pricing; the *product* was first class and expert packing/unpacking and removal service; *promotion* was by word of mouth and appropriate publicity; and the *place* was both home and abroad. No candidate acknowledged that the company was a success so that, in itself, justified the claim regarding the marketing mix.