

BUSINESS ADVANCED LEVEL

Paper 8929/5172
Effective Business Communication

General comments

This is an advanced level paper and as such I would expect answers to contain the higher order skills of analysis and evaluation. It was a straight forward examination paper and candidates were able to complete within the time limit.

Many candidates gave knowledge based answers only which gave the minimum number of marks. e.g. **1(a); 3 (a) and (b)**.

The identification part of an answer is usually straightforward and overall might gain a pass grade but to move on from this, thought processes need to be developed to enhance the knowledge that has been gained.

Comments on specific tasks

Task 1

- (a) The majority of candidates were able to gain at least 2 marks for this task by listing causes of poor communication. To achieve full marks candidates were expected to explain the consequences on the business.
- (b) A number of candidates did not describe two-way communication but listed letters, emails etc. For candidates to be awarded higher marks a full description of the method must be given.
- (c) This task was not answered fully. Many candidates were not able to relate their answers to external and internal communication and to give examples of stakeholders, for example: customers, shareholders, employees, and in a range of situations including takeover/merger as per the case study.

Task 2

- (a) Writing a letter is common to this subject examination paper. The maximum marks can be achieved by 4 marks for correct letter layout and 4 marks for the content which is based on the case study.

The layout of a letter should contain the following:

- (i) A letterhead which must contain the name and address of the company in the case study.
- (ii) There must be an inside address i.e. the name and address of the individual and the company the letter is going to.
- (iii) The date.
- (iv) References
- (v) The letter heading i.e. the subject of the letter
- (vi) The salutation 'Dear Mr.' or 'Dear Mrs.' Or 'Dear Ms.' with a relevant surname **Not** 'Dear Sir or Madam'. The surname should be made up by the candidate. The complementary close must

match the salutation for the mark i.e. 'Yours sincerely' (Sincerely yours or Yours truly are acceptable).

(vii) A signature

(viii) Enc. if enclosures (other documents) are enclosed with the letter

(b) The majority of candidates were able to achieve marks on this task. Some candidates did get confused between presentations and press releases. With regard to emails candidates need to include time zones and attachments to their answers.

(c) Candidates were able to gain maximum marks on this task.

Task 3

(a) A task that has often been asked in past years. Candidates were asked to identify five ways of ensuring the meetings would be successful. Candidates tended to list more than five points and fail to develop or explain them thus only gaining a maximum of 5 marks.

(b) This task was very poorly answered. Candidates either did not understand what was asked of them or were unprepared. The answer should have contained the purpose of the group, hierarchy, exclusivity and sources of group conflict.

Task 4

(a) Again a task that appears regularly but on this occasion the task specifically asked for the stages necessary to prepare for a recruitment interview which meant that candidates had to be more selective and explain their choice. Many candidates did not include mechanisms for ensuring unbiased decisions

(b) The majority of candidates were able to gain marks from this task. However the task "Describe the purpose of three different types of interview" meant does not include recruitment which some candidates did and so lost marks.

(c) This is a general task regarding the types of questions asked during recruitment interviews. Candidates were able to gain marks from this task.

Task 5

(a) This is a common task on this examination paper. Candidates were able to gain marks and in particular full marks if they included a diagram which was related the case study.

(b) This is a common task and still candidates do not list software packages for example Access and Excel.

(c) Candidates were well prepared for this task. The majority of candidates who answered the task achieved at least 4 marks for their answer.

BUSINESS ADVANCED LEVEL

Paper 8929/5173
Business Finance

General comments

Overall the performance of the candidates who sat the May 2010 examination paper was satisfactory, with many candidates being able to make relevant responses to all parts of all of the tasks. However, Centres are urged to remind candidates of the need for precision when defining terms and the need to carefully study the rubric of the tasks to ensure that their responses are relevant. In doing so, the candidates will increase their chances of scoring higher marks. There is also a need for candidates to manage their time more effectively and Centres should instruct their candidates on the need to study the mark allocations more closely in order to maximise the returns for their efforts. Once again, it is necessary to remind Centres that they should be encouraging candidates to provide formulae and workings when they are undertaking tasks that involve calculations. Failure to provide this evidence of how they intend to answer the tasks often leads to the candidates losing marks if their final answer is incorrect.

Comments on specific tasks

Task 1

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

The answers to part **(a)** were often quite good with many candidates being able to explain what goodwill is, but the reasons why goodwill is included in the fixed assets often attracted a vague response.

The answers provided to part **(b)** were generally good with the vast majority of candidates explaining the link between rising costs and increases in the level of production.

The responses provided for part **(c)** were again generally good with most candidates providing a sound explanation of break-even output, but the answers to the second element of the task tended to be rather vague.

The answers to part **(d)** were very disappointing with only a minority of candidates providing a correct explanation of the term. Many candidates mistakenly provided an explanation of a rights issue rather than a scrip issue. Centres are urged to address the issue of methods of financing as a matter of urgency.

The answers to part **(e)** were again rather disappointing with many vague answers being provided.

The answers to part **(f)** were either very good or very poor, indicating that candidates from some Centres were unfamiliar with the concept of discounted cash flow techniques. Centres are urged to address this issue as a matter of urgency.

Task 2

Overall the answers to this task were patchy, with some reasonable attempts and some poor attempts. A major weakness in many cases was that candidates did not address all parts of the tasks and as a result lost marks.

The answers provided to part **(a)** of this task were rather disappointing. Most candidates could provide a reasonable explanation of the books of prime entry, but very few could provide a good explanation of the role that they play in the accounting process and in the worst cases this part of the task was completely ignored.

The answers to part **(b)** were also rather disappointing. As with part **(a)** the second element of the task tended to attract vague responses or was completely ignored.

The answers to part **(c)** were equally disappointing and the comments given above applied once again.

Task 3

Overall the answers to this task were patchy, with some reasonable attempts and some poor attempts. A major weakness in many cases was that candidates did not address all parts of the tasks and as a result lost marks.

The answers provided to the first element of part **(a)** were generally good with relevant explanations of why fixed assets should be depreciated, but far too many candidates completely ignored the second element and failed to link the process of depreciation with the principles of accounting.

The answers to part **(b)** were disappointing. Many candidates merely provided a description of the reducing balance method and made no attempt to explain the circumstances when it should be used.

The answers provided for part **(c)** were much better with the majority of candidates being able to provide a correct response. It was also pleasing to see that most candidates provided a formula before they commenced their calculations and this ensured that even if they did not produce the correct answer, they would receive some of the marks.

Task 4

Overall the answers to this task were very satisfactory and the concept of the balance sheet is clearly well known to the vast majority of candidates.

Part **(a)** was generally answered well with candidates identifying the errors and omissions, but the explanations of these errors and omissions tended to be rather vague and/or too short.

The answers provided for part **(b)** were rather better with most candidates demonstrating that they were aware of the correct structure for a balance sheet. It was, however, surprising that some candidates who had correctly identified errors in part **(a)** of the task did not correct these errors when they were drawing up their amended balance sheet.

Task 5

Overall the answers to part **(a)** of this task were good and it is evident that this is a topic where candidates have been prepared well.

The answers to part **(b)** were disappointing with many candidates being unable to provide an explanation of what is meant by standard costing or how variance analysis can be used to control finances. Centres are urged to address this issue as a matter of urgency.

BUSINESS ADVANCED LEVEL

Paper 8929/5174

Marketing

General comments

It is pleasing to report that some Centres achieved very good marks for this paper this session. Good candidates know the syllabus well, and are able to identify the relevant concepts required by each task. They also apply these concepts to the material in the Case Study. In this case, the company concerned was looking to enter a completely new sector with their products.

However, there were unfortunately still a considerable number of fail grade candidates, and Centres should note the points that follow.

There appear to be some common reasons for candidate failure or poor pass grades, and these are as follows –

- ⇒ Some candidates appear not to know the whole of the syllabus, and so answer incorrectly and inappropriately for the situation described. This is particularly relevant to **Task 5** this session.
- ⇒ Some candidates do not attempt all the tasks on the paper.

Candidates often, under the pressure of the examination situation, do not read/analyse the requirements of the task sufficiently. Teachers/tutors should 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 section that follows.

Comments on specific tasks

Task 1

- (a) This first part of this task required candidates to explain five ways that marketing can help in a **business-to-consumer** market. This was generally well done, but some candidates simply listed generic benefits that marketing can offer.
- (b) The second part of this task proved more difficult to many candidates. Some were able to describe the two contrasting decision-making processes and gained high marks for their descriptions. Some simply listed the stages of each process, and were able to gain some marks. However, some candidates wrote about a number of issues such as decision-making units or types of purchasing behaviour which were not relevant or asked for. These buying decision-making models are key parts of the syllabus and teachers/tutors should ensure that this area is covered in teaching sessions.

Task 2

- (a) This part of this 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 primary research method, although fewer were able to explain it and justify it in the context of the Case Study. Once again this justification should have been based on the fact that the company was moving from a business-to-business to a business-to-consumer market, and so focus groups would have been the best way to gain the information needed.

Task 3

This task explored segmentation in detail.

- (a) The two marks for the first part of the task should have been easily achievable as all that was required was a definition of the term segmentation. Many were able to achieve this.
- (b) Most candidates could explain three methods of consumer segmentation and so gained good marks in this task. The depth of explanations varied significantly, and candidates should be guided to respond more fully when there are 15 marks available for part of a task.
- (c) This final part of the task asked for a suitable recommendation for a method of segmentation for Duyi. Most candidates were able to make a recommendation and give a reason.

Task 4

- (a) It was disappointing that so many candidates were unable to draw a diagram of the Ansoff matrix and label it appropriately. Of those who did, very few were able to identify where the options listed should be in the diagram. This topic has been examined before and is a key part of the syllabus.
- (b) This part of the task was generally done well, with many candidates recognising the basics of branding and how it might help Duyi in its new market place.

Task 5

- (a) Some candidates were clearly unaware of the stages involved in setting up a customer care plan. 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 seven Ps of the extended marketing mix. 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 in the process.
- (b) In this final part of the last task candidates were asked to explain the importance of the promotion and the physical evidence elements of the mix, and how each could be improved. Many candidates were able to identify suitable improvements using examples from the Case Study.



BUSINESS ADVANCED LEVEL

Paper 8929/5175

Human Resource Management

General comments

Most candidates were able to show some knowledge in all areas covered by the syllabus for this unit. In general candidates were capable of repeating knowledge but were weaker at applying and interpreting knowledge although candidates from some Centres did show an improvement in applying their understanding in the evaluation and analysis of the organisation used in the case study. However, most candidates were still incapable of applying their knowledge in the correct analysis of the situations presented in the case and consequently frequently fail to achieve more than the marks in the Level 1 band for each question.

Poor examination technique and failure to allocate suitable time to answering each task resulted in a very large number of candidates under-achieving in each task. Marks awarded to candidates invariably got lower in **Tasks 4 and 5** even though the limited amounts written for these tasks showed a good understanding of the topics but presumably indicated that candidates had simply not left sufficient time to expand their answers to a level detailed enough to achieve the higher marks. Candidates at this level should recognise that a short and focused answer for all tasks is preferable to one or two over-complicated answers, not just in parts **(a)** and **(b)** but throughout the whole paper. Candidates frequently fail to differentiate between the tasks with different mark values. In a number of Centres candidates wrote far more extensive answers on the four mark and six marks tasks than they did on the tasks worth ten marks. In many cases candidates answers were lengthier for four mark answers than they were for ten mark answers. Candidates are not required to submit detailed essay-type answers but they must write in enough detail to demonstrate to the Examiner that they understand the tasks. Some candidates are providing answers in bullet-point format, this is acceptable providing the points fully explain the issue and are not merely lists.

Candidates at this level need to clearly read both the case study and the accompanying tasks carefully. Better candidates were able to understand precisely what the tasks asked them to do and applied their knowledge in the appropriate context ensuring that responses were clearly related to the case study. Higher level marks will only be achieved where the context is considered. Candidate's knowledge needs to be applied to the case study. Teachers should ensure that their candidates understand the importance of context.

Comments on specific tasks

Task 1

- (a)** Candidates usually find it difficult to understand the difference between strategy and operations and even the more able candidates struggled to relate this specifically to the Fusion tour. **Task 1** was usually the weakest answer for most candidates in the whole paper. Many answers related to operations instead of strategy. Many answers were far too detailed for the amount of marks available for this task and these candidates then had less time to answer later tasks.
- (b)** Very few candidates actually explained what an employment agency was and many answers did suggest that candidates were unsure of the actual role of such agencies. Candidates did mention the role of a modern Human Resource Management (HRM) department but failed to link their answer to the employment agency so only achieved marks at Level 1. Many answers were far too detailed for the amount of marks available for this task and candidates suffered for this by having insufficient time to answer later tasks.
- (c)** Candidates frequently failed to recognise that this task was referring to centralisation and decentralisation. Better candidates provided definitions of decentralisation but only a small number appreciated how both approaches were being used by Fusion.

Task 2

- (a) This task required candidates to explain the significance of employees at Fusion not being members of a trade union. Many simply produced a definition of the role of trade unions or answered the task from the employer's perspective. The best answers were from candidates that could identify both the advantages and disadvantages of being a member of a trade union. Too many answers were unbalanced and only referred to disadvantages for employers or claimed that union membership was bad as members had to pay fees.
- (b) Candidates were expected to identify the possible consequences of Fusion not following the law in different countries. Good candidates were able to recognise the difficulties faced by having to follow the law in the different countries visited and often suggested how the agencies would be able to assist in this. Answers that simply explained the different types of legislation were not really answering the task but some marks were awarded at Level 1. Top level candidates were able to recognise the implications not just in terms of fines and other legal penalties but the possibility of cancelled concerts and loss of reputation for the group.

Task 3

- (a) Generally poorly answered by most candidates, few were able to recognise that the permanent contract is more likely to have additional benefits and security for employees. Very few candidates suggested why the two different sorts of contracts were necessary during the Fusion tour. At Advanced level candidates need to show evidence of greater interpretation than at Standard level.
- (b) Some very good answers from well prepared candidates who were able to recognise the savings in costs and time by providing examples in their answers matched to Fusion. A small number of candidates were even able to recognise that the employment agency would be able to assist in payroll and obtain work permits for staff.
- (c) Almost all candidates repeated the process referred to in the case study but the level of detail provided in the answers often reflected each candidates overall level of understanding of selection procedures. Weaker candidates generally quoted the relevant section from the case study, average candidates were able to describe in more detail the different stages of the process and the most able candidates proposed suitable questions and tests for the different employees likely to be employed during the tour.

Task 4

- (a) A significant number of candidates confused patterns of work with working structures so answered **Task (a)** and **(b)** the wrong way around. No marks were awarded as candidates had clearly not understood the tasks. Correct answers tended to repeat the relevant section from the case study, these answers only achieved marks in the Level 1 band. More able candidates improved their answers by explaining why shifts were necessary in this situation and how they differed from a normal shift system.
- (b) Candidates tended to have a good understanding of task and matrix groups but often repeated quotes from the case study. Level 2 candidates provided further explanations of the different task groups are made reference to how matrix structures work in other organisations.
- (c) The Level 1 answer to this task simply repeated the relevant section from the case study. Too many candidates had failed to allow sufficient time for answering this task because of the excess length of their answers to **Tasks 1** and **2**. Candidates with a good understanding were able to explain how appraisal works at Fusion and also provide detail as to the possible procedures for undertaking an appraisal.

Task 5

- (a) A quite well answered task but few candidates gained top marks as they were unable to back up their answers with suitable examples or make reference to the information provided in the case study. Some candidates ignored the case study altogether and simply provided a general description of motivation theories. The best candidates made reference to the case study and were able describe how the work itself would motivate employees. Some candidates were confused and provided answers referring to the rock band members rather than the workers.
- (b) Weaker candidates, or those who had not allocated sufficient time, would merely provide bullet point lists of differences between the two training methods with no reference to the actual situation. Good candidates explained the differences but expanded each point by making reference to the case study thus showing good interpretation and application of knowledge. Marks awarded for this task were skewed because of the candidates who had simply not allocated themselves sufficient time to answer in any amount of detail.

BUSINESS ADVANCED LEVEL

Paper 8929/5179

Business Organisation and Environment

General comments

Teachers are strongly advised to address the subject of *examination technique* when preparing their candidates for the examinations. Previous examination papers and the Principal Examiner's reports are readily available and it is recommended that they are used as resource material during the revision period.

- (i) Candidates need some guidance before the start of an examination. The information on the front page needs *to be read out aloud in a clear voice* by the invigilator so that candidates fully understand how they should proceed.
- (ii) Candidates must read both the case study and the accompanying tasks carefully in order to understand precisely what they are required 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, the invigilator must draw attention to the fact that 15 minutes reading time is provided in order to help candidates become acquainted with the contents of the examination paper.
- (iii) The purpose 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) Candidates must be advised that a succinct 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 lengthy essay-type answers but they must write a sufficiency of detail to demonstrate to the Examiner that they understand the tasks.
- (v) Where candidates use loose sheets rather than an examination booklet, invigilators should check that the sheets have been assembled in the *correct order*.
- (vi) When a script is handed in at the end of an examination, it is **not** necessary for the invigilator to collect and return the question paper as well.
- (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 is quite clear in every examination that some answers are hurried. 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 is still an issue although, overall, scripts seem to be better presented. *It must be acknowledged 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*.
- (ix) There are still candidates who insist on copying out the tasks. It is **not** necessary and wastes valuable examination time.
- (x) There are those candidates who answer tasks with bullet points. A series of bullet points may well contain the correct information or data but they do not conform to any instruction to 'describe' or 'explain'. It is likely that only one or two marks will be awarded for bullet points.

- (xi) 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 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.

Comments on specific tasks

The case study was about two entrepreneurs who developed some fruit juice drinks especially suitable for spicy and hot food. The main market was in the UK although production of the juices was carried in their home country of Bangladesh. The company, The Exotic Fruit Juice Company Ltd, enjoyed success and the prospect of further growth. Each task in the examination paper was worth a maximum of 5 marks.

Task 1

- (a) Candidates were asked to explain two specific business objectives of The Exotic Fruit Juice Company Ltd (Exotic).
- (i) The first objective was *satisfying customer demand*. This task was quite well attempted although most candidates failed to go beyond the descriptive. There was recognition that meeting a consumer need was fundamental to any business operation. In this case, the Exotic product range contained fruit juices which had to be of good quality and priced reasonably. The better responses identified the need for retail outlets and restaurants to be supported by Exotic through reliable delivery. In order to maintain this objective, the company should have monitored trends and thought about the possibility of extending the product range i.e. different juices, creating new tastes.
- (ii) The second objective was *helping to provide employment and better living standards in Bangladesh*. The answers could have been stronger. The fruit juice production plant in Bangladesh was giving employment to 100 people and candidates understood that since the employees received fair wages and bonuses they were able to maintain themselves and their families. Answers could have been enhanced by the acceptance that there may have been only 100 employees but they contributed to their community by paying tax and purchasing their needs. It was not unusual for Bangladeshi business people to support companies in 'the home country' e.g. printing of menus, staff uniforms.
- (b)(i) Explanations were required why Abdul and Khalid *preferred to keep Exotic as a private company*. Candidates talked around the subject and many were confused about the difference between a Limited company and a Plc. Most answers pointed out that a private company did not have to publish its accounts and that shares could only be transferred with the agreement of other shareholders. As a private company, Exotic was not quoted on the Stock Exchange and the more knowledgeable candidates suggested that that fact alone meant they were not vulnerable to takeover bids and investors wanting large share holdings. Abdul and Khalid identified an opportunity and set up the business. Being able to remain as a private company permitted them to maintain their ownership and control.
- (ii) Following on **1(b)(i)** above, candidates were asked to describe *why Exotic might have to convert to a public limited company*. Most responses confirmed this prospect by quoting directly from the case study. It was generally felt that being a Plc Exotic would find it easier to raise capital. The prospects of the company were not, in the main, recognised nor discussed - namely that if Exotic grew too rapidly it would overtrade because it did not have the requisite long-term finance. That is why becoming a Plc had to be an option. The company could become very successful e.g. the market of 6% of Indian restaurants in the UK could increase; there was business growth in the airline and shipping markets; and a likely opportunity in New York. If it became quoted then there was the prospect of raising sufficient capital but ownership would be diluted and Exotic could apply to increase the share capital without losing private company status.

Task 2

- (a) Membership of the Board of Directors included five non-executive directors. *Candidates were required to explain why 'Exotic' appointed non-executive directors.* This has never been a very successful task and, although more candidates seemed to have a basic grasp of the issue, many answers tended to reiterate the point that non-executive directors were not employed by the company and, quite erroneously, that as a result they could not take part in any decision-making. It was recognised that Exotic invited the 'non-execs' in this case because of their expertise in fruit juice production, marketing and finance. Better answers promoted the all important points that they were independent and could offer Exotic unbiased advice; that they could encourage the Board to think carefully and influence decision-making.
- (b) Communications presented some problems for the company. Candidates were asked to describe the methods they would use to ensure a smooth flow of information, instructions and feedback within Exotic. This task invited candidates to rehearse their general knowledge of communications. Reference should have been made to oral, visual, textual and electronic forms and comment made on an appropriate selection of communications to suit a situation e.g. mobiles to maintain contact with delivery drivers; emails for general contact between the profit centres; conference calls for major discussions between the owners; website for clients. Answers were mostly unimaginative with forms of communication identified but not adequately explained. Some candidates made reference to the company's flat structure suggesting it made internal communications easier and there was some reward for that.
- (c) (i) The management style was said to be authoritarian and *an explanation of what authoritarian meant in the context of Exotic* was called for. The concept of authoritarian was understood but the explanations tended to be directly lifted from the case study i.e. being a young company, the founders wanted to keep a tight control over its affairs. Since they started the business, Abdul and Khalid clearly wanted to be firmly in control. This meant that most of the company's information was restricted to them. Developed answers suggested they had many plans for the future of the business and so needed to keep a close hands-on management approach. Being authoritarian meant they expected to give the instructions without challenge as it enabled them to make quick decisions. Their attitude may also have reflected a lack of confidence in their staff to make appropriate decisions.
- (ii) This task asked for a description of a quality circle and the suggestion of **one** benefit of it to Exotic.

Where the answers were good they were generally well expressed. A lot of candidates took the view that quality circles were meetings about any aspect of the business. The essential defining comment was that a quality circle was a group of employees which met to consider and recommend solutions to *quality* problems within the company's production operations. They may also have met to consider 'what if?' quality situations. The benefits of the quality circle were that employees were involved from several departments or specialist functions e.g. production, sales; and that their participation in problem solving, using their knowledge and experience, made them feel valued and motivated.

Task 3

- (a) This was a standard task which asked candidates to discuss three specific expectations that the employees may reasonably have of their employer, The Exotic Fruit Juice Company.
- (i) The first expectation was *financial and non-financial incentives*. The text said that the company looked after its employees and candidates could make some reasonable assumptions here. Generally speaking there was an appreciation of what constituted incentives although some responses were off focus when they suggested company cars. A full list as such was not sought but candidates should have identified some of the following examples along with supportive comment: performance bonus, pension scheme, profit sharing; medical insurance, protective clothing; staff discounts on fruit juices; paid public and annual holidays; and any other appropriate incentives identified by candidates.

- (ii) The next expectation was *suitable and safe conditions of work*. This task was not answered well and so many explanations were vague or just limited to a statement about safety. Exotic had a range of jobs which could have threatened personal safety e.g. driving, delivering, loading/unloading, the production process itself; handling glassware; flushing out the bottling machines with chemicals. Employees could only operate satisfactorily in the workplace if the company ensured that appropriate training was given; that there were no illegal and unsafe practices; and protective clothing was issued. Some answers reflected these points but they tended to be generic and not in context.
- (iii) The final expectation was *appropriate training and retraining opportunities*. Again, candidates had a general appreciation of training but in a generic way. There was clearly some link with 3(a)(ii) above. Candidates were entitled to assume that training had some priority and that part of the company's success depended upon the workforce being suitably trained and skilled. The better responses recognised that skills may have needed need updating from time to time; that the employees, working in a medium sized business, could be trained to multi-task; and that training was the employers' commitment both to improve the business and prospects of the employees.
- (b) The Exotic Fruit Juice Company applied computer technology to all aspects of the business. Candidates had to explain what this statement meant. The text did not state specifically how computer technology was used (except the reference to the website) so candidates were able to make appropriate assumptions. Most of the candidates must have had access to computer technology and so should have been able to offer a credible indication of likely use in Exotic. The website was the obvious tool and that advertised the fruit juices and enabled customers to buy on-line. Other applications included payroll, transactions, processing orders, personnel records, stock control, communications, and production control. A list was not required although many responses contained one but any reference to computer technology required some contextual comment.

Task 4

- (a) It was stated in the case study that every business was affected by PEST or external factors that influenced its activities. Explanations were required how Exotic might be influenced by two certain and obvious factors.
- (i) The first factor was *the business or trade cycle in the UK*. It appeared that this issue was not widely understood and even where reasonable explanations were given they were generally out of context. A number of candidates acknowledged that over time the cycle moved from boom to slump and back to boom again, that it represented, therefore, the fluctuations in economic activity. In order to earn more than two or three marks, candidates needed to explain how the cycle impacted on Exotic i.e. in periods of UK recovery, stability, or boom, customers would have more disposable income to spend more on eating out and drinking special fruit juices. Equally, a slow down in the UK economy might result in customers choosing less expensive drinks which would affect Exotic's market.
- (ii) '*Exchange rates*' formed the second discussion point. Responses to this factor were mostly limited and few gave any indication of understanding and application. The case study said that the fruits were imported from Southern Europe and Australia. While Exotic's business was often conducted or recorded in US dollars, it was also likely that the business traded in Australian dollars, Bangladeshi Taka, £ Sterling, and even Euros. The company needed to monitor exchange rate movements so that it did not buy goods and services at a high price or sell in a market which increased the price of their juices.
- (b) Khalid said the reasons for locating the business in both the UK and Bangladesh were obvious. Candidates were asked to explain the reasons for those locations.
- (i) *The UK* was the first location to consider and candidates seemed to appreciate that the UK had a large and popular 'curry house' market so it made sense to target the UK. Few made the point that as it was necessary to import, stock, sell and deliver fruit juices directly to their customers, a UK location was required. The company had recognised this and acquired a warehouse and an office which gave immediate access to the target market. Being in the UK gave them the opportunity to employ people with a working knowledge of the UK geography and tastes.

- (ii) The second location was *Bangladesh*. Mostly the responses focused only on the ready and cheap supply of labour and materials. A good answer would have developed this point suggesting that it helped the company to control total production costs more effectively than in the UK. The economic situation had enabled Abdul and Khalid to purchase the production plant for a fraction of the likely UK costs.

Task 5

- (a) Candidates were asked to explain the following two marketing objectives of Exotic:

- (i) The first was *to operate a successful marketing mix*. Candidates were aware of the 4Ps (and several made reference to the extended 7Ps) but did not always discuss them in context. A detailed breakdown of the 4Ps was not intended but clearly some basic analysis had to be offered. One mark only was awarded to those responses identifying the 4Ps with or without irrelevant explanations. Full marks were possible given a clear contextual answer. Essentially the points to have made were:

Product: these were the 'designer' fruit juices especially for mild, medium and hot curries or spicy dishes;
Price: pricing was above the average for fruit juices but then they were specialist and quality juices;
Promotion: this P included a website, in-house promotions for retailers and restaurants, articles in trade and leisure magazines;
Place: the Internet, retailers, and restaurants.

- (ii) The second was *to establish the image of the company and its product range*. The general treatment of this task was pedestrian and often vague. There was some recognition of the need to promote the juice product range on the basis of good quality but answers tended to lack development. Candidates needed to stress the need to employ promotional methods to boost UK awareness of Exotic; that there should have been effective use of the marketing mix. Appropriate promotional techniques should have been employed to create a favourable image based on value for money and suitability for purpose. A favourable image could have been created by media coverage with, for example, food writers giving their verdicts.

- (b) In the UK, the company's juices were *sold in a niche market*. An explanation was required why Exotic juices were sold in a niche market. Overall there was an understanding of a niche market but few candidates developed their answers beyond the descriptive. The important point here was to suggest that a small market segment enabled the company to operate in a market dominated by larger producers and suppliers. The niche market also helped Exotic to get established in the UK.

Full marks would have been awarded if the answer included a comment that consumers were willing to pay a premium for a relatively exclusive or quality product.

- (c) Finally, candidates were expected to offer *an explanation of what the mission statement meant when it said the customers were the company's main resource*. This task was quite well tackled with the acknowledgement that without customers there was no business. The money spent by customers gave employment, profits, business growth, and (hopefully) success. The long-term future of Exotic rested on satisfying its customers both trade and end consumers and as such they should be treated with respect and importance.

