

BUSINESS (ADVANCED LEVEL)

Paper 8929/5172
Effective Business Communication

General comments

The overall standard for this session was better than the previous two sessions. The majority of candidates gained at least 35 marks and a substantial number gaining over 60. Candidates who completed the paper attempted all questions.

Overall this task paper was comparable with previous papers and was in line with the syllabus. There should have been no surprises for candidates. The majority of candidates completed the paper within the time limit.

Comments on specific tasks

Task 1

- (a) The task asked for improvements on internal communication. Candidates identified the causes or examples of poor communication but needed to ensure that they describe the main consequences of poor communication within the organisation.
- (b) The majority of candidates were able to identify methods of internal communication. However the advantages were often vague and did not gain many marks.
- (c) This task had a mixed response from candidates. Candidates were able to identify benefits of ICT but were unsure of the benefits of office automation.

Task 2

- (a) The layout of the memo gained at least three marks for many candidates. Candidates need to ensure they include a signature and give a name to show who the memo was "From". Content was generally vague, the purpose of the meeting was often omitted and the candidates needed to provide details of the venue. The candidates also need to ensure that the general tone of the memo is appropriate for business communication.
- (b) The benefits of using email were well answered and the majority of candidates gaining six marks. The intranet was not so well answered with candidates needing to identify the fact that it was an internal password secure system. Answers were not specific enough to the intranet and were mostly discussing email.

Task 3

- (a) The quality of this answer depended on the Centre. Some candidates were better prepared than others. Some wrote about groups in general and their characteristics, failing to recognise that "virtual" groups were the task.
- (b) Many candidates concentrated on describing, often at length, preparing the venue, seating arrangements, quorum, people to be invited, methods of presentation rather than the characteristics outlined in the mark scheme. However there were some excellent comprehensive answers.

Task 4

- (a) The task clearly states what the interview is for, yet candidates wrote at length about purposes, aims and objectives and other prerequisites. Those who did achieve good marks on this task were prone to listing their answer rather than developing their answers as required by the task.

- (b) This task was answered very well. The four types of task were correctly identified and described.
- (c) Two types of interview were identified and explained often at length, when the mark scheme indicated only $2 \times 2 = 4$ marks. The mark allocation is a very useful indicator of the amount of detail required.

Task 5

- (a) Only about 50% of candidates correctly identified Bar and Pie Charts correctly for this answer. Descriptions together with advantages and disadvantages were often weak with few gaining more than five marks.
- (b) Generally well answered and most candidates identified Powerpoint, Excel, Access and other software packages which could be used to aid the presentation.
- (c) This task was well answered with most candidates gaining at least four marks for security the measures.



BUSINESS (ADVANCED LEVEL)

Paper 8929/5173
Business Finance

General comments

Overall the performance of the candidates who sat the October 2010 examination paper was disappointing. Centres are urged to remind candidates of the need for precision when defining terms and the need to address all parts of the tasks. In doing so, the candidates will increase their chances of scoring higher marks. There is also a need for candidates to manage their time more effectively and Centres should instruct their candidates on the need to study the mark allocations more closely in order to maximise the returns for their efforts. Once again, it is necessary to remind Centres that they should be encouraging candidates to provide formulas 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 answers being provided.

The answers to part **(a)** were often confused. Candidates need to produce answers that explain what is involved in a franchise agreement rather than explaining the advantages of the agreement to both the franchisee and the franchisor. Weaker candidates often confuse the two parties to the franchise agreement.

The answers provided to part **(b)** were disappointing. Candidates need to provide a clear explanation of the term profit margin. Better candidates provided a correct formula for calculating a profit margin and as a result they score maximum marks.

The responses provided for part **(c)** were generally poor. Candidates need to provide a detailed statement as to what is meant by overtrading.

The answers to part **(d)** were also generally poor. Candidates need to be able to explain the concept of window dressing and/or being able to give an example of how window dressing takes place.

The answers to part **(e)** were much better with most candidates being able to provide an answer that described both working capital and a relevant formula for calculating it.

Task 2

The answers provided to part **(a)** were generally good with many candidates being able to identify both advantages and disadvantages of the private limited company. In many cases candidates scored maximum marks for this task.

The answers to part **(b)** were rather disappointing. Candidates need to do more than simply repeating their answers from part **(a)**.

The answers to part **(c)** were generally poor. Candidates need to be able to both provide methods of going public and to provide relevant explanations of the different methods.

Task 3

The answers provided to part **(a)** were satisfactory with most candidates demonstrating that they knew how to produce a cash budget but only a minority of candidates produced a budget that had completely correct totals. Candidates need to produce answers that show evidence of their workings and as a result when they made errors they would still achieve some marks. Centres are urged to encourage candidates to provide such evidence as rough work in order to enhance their chances of scoring more marks.

The answers to part **(b)** were disappointing. Candidates needed to provide reasons why credit should be allowed.

The answers provided for part **(c)** were also disappointing. Candidates need to provide more than a vague explanation as to how the company could ensure that it receives amounts that were due.

Task 4

The answers provide for part **(a)** were generally satisfactory with many candidates being able to explain the range of duties that the financial accountant is required to carry out.

The answers provided for part **(b)** were slightly disappointing. Candidates needed to produce statements of the type of tasks that would be undertaken by the management accountant.

The answers to part **(c)** were disappointing. Candidates need to be able to explain the difference between internal and external auditing and candidates should explain how the duties of the internal and external auditor would differ.

Task 5

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

The answers to parts **(a i)** were generally good with most candidates being able to explain what a cost centre is.

The answers to part **(a ii)** were slightly disappointing. Candidates needed to provide statements regarding the benefits that would be associated with adopting a cost-centred approach.

The answers to part **(b)** were generally good with the majority of candidates demonstrating that they were fully aware of how to allocate the fixed overheads and a considerable number of these candidates scored maximum marks. Some candidates lost marks because they did not provide evidence of their workings and the formulas that they were using. Centres are urged to encourage their candidates to always provide evidence as to how they are attempting to complete calculations together with the formulas they will be using.

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

Candidates often, under the pressure of the examination situation, do not read/analyse the requirements of the task sufficiently. Teachers/tutors can help candidates develop this skill by discussing past paper tasks during teaching sessions. It is also important to remind candidates that their answers should link to the content of the Case Study.

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 looked for candidates to explain what is meant by market orientation and most did this well.
- (b) It was pleasing to see an improvement in the marks for the second part of this task that is generally related to the core benefits that marketing offers organisations and how these apply to the organisation in the Case Study. This time three specific benefits were asked for and most candidates could identify these. Some were also able to explain how these benefits applied to Healthy Hair Products and so gain high marks.

Task 2

This task assesses the topic of marketing research as used by Healthy Hair Products.

- (a) The first part of this task referred directly to the Case Study and asked for an explanation of the methods of research already used by the company. Many candidates could do this part of the task quite well. They had carried out a survey (through an agency), and also run some focus groups (lines 14 and 19). Those candidates who identified these research methods were then able to explain them well.
- (b) This part of the task allowed some flexibility in response, as it asked candidates to choose two sources of secondary data that could help the company. Those who could differentiate between secondary and primary research and identify sources of secondary data generally did well. Unfortunately, some candidates only gave sources of primary data in their answers and so were unable to gain marks.

Task 3

This task explored buying decisions and segmentation for consumer markets.

- (a) This first part of the question asked for an explanation of the five stages of the consumer buying decision process which are clearly defined in the syllabus. Most candidates were able to both list and explain these stages. Those who simply listed the stages only gained half the marks available.
- (b) This part was generally done well. It asked for a definition of segmentation.
- (c) This part of the task referred back to the Case Study and asked candidates to identify the methods of segmentation that were used in the Case Study. Many were able to identify that demographic and psychographic methods had been described. It was disappointing that some simply copied the profiles of the customer groups word for word from the Case Study (lines 22 – 30). This did not answer the task set.

Task 4

Answers to different sections of this task varied. Most candidates were able to explain the PEST factors. Many were able to explain two advantages of marketing planning, though some did not link these to the company.

Very few were able to explain two control mechanisms to measure progress against the plan, and this is a topic that needs more attention. Teachers/tutors can help candidates with this topic by first setting some SMART marketing objectives and asking candidates to state how they would measure success against these. Later Teachers/tutors can encourage candidates to set marketing objectives themselves, and then ask other candidates to identify ways that progress to these objectives could be measured.

Task 5

- (a) Most candidates now know the 7Ps of the extended marketing mix and are able to give generic descriptions of each. Those that were able to link each element of the marketing mix to Healthy Hair Products and the information in the Case Study gained high marks.
- (b) In this final part of the task candidates were asked to identify two ways in which the marketing mix might be affected by developments in technology. Many were able to identify product developments, promotional changes, process changes or any impacts on the people element in that the number of employees needed might be reduced. These were good answers.

BUSINESS (ADVANCED LEVEL)

Paper 8929/5175
Human Resource Management

General comments

Although the majority of candidates were able to show knowledge in all of the areas covered by the syllabus there was a significant number of candidates who clearly lacked any proper preparation. It is likely that the Standard level paper would have been much more suitable for many of the candidates attempting this level.

Overall, many candidates were competent at simply repeating knowledge but lacked the skills that are needed for applying and interpreting knowledge so consequently frequently fail to achieve more than the marks in the Level 1 band for each task. However, there were candidates from some Centres that did show an improvement in applying their understanding in the evaluation and analysis of the organisation used in the case study.

Candidates generally showed good examination technique and there were very few instances where candidates had not allocated suitable time to answering each task. There is a continuing problem with candidates not recognising 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. This is a recurring issue of candidates failing to differentiate between the tasks with different mark values. Weaker candidates frequently wrote more extensive answers on the four mark and six marks tasks than they did on the tasks worth ten marks. 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 candidates fully explain the items in the bullet points and are not simply providing lists.

Candidates who want to achieve higher level marks need to appreciate that their answers must refer to the case study in order to demonstrate that they can analyse and apply their knowledge. Answers at Level 3 will show that the candidate was able to understand the requirements of the tasks and apply their knowledge in the appropriate context ensuring that responses are clearly related to the case study. Teachers should ensure that their candidates understand the importance of context.

Comments on specific tasks

Task 1

- (a)** Candidates were expected to provide a definition such as “*the process for creating and maintaining relationships between the people who work for and with them and between organisations*”. A number of candidates confused the “meaning” of Human Resource Management (HRM) with the “purpose” of HRM while others provided a general definition of HRM. Level 2 candidates were able to provide examples of where ABZ had applied the meaning of HRM.
- (b)** Most candidates were able to provide a general account or quote one part of the purpose “*providing the right mix of skills, controlling the costs of employment (to include wages, salaries, support costs and social costs); the ability to react to change*”. Candidates achieving Level 2 marks expanded their answers to provide examples for the purpose by quoting from the case study.
- (c)** Candidates frequently failed to appreciate that good answers would require more than quotes from the case study. In a significant number of cases candidates provided quotes that were not relevant to the task. Level 2 candidates showed that ABZ were not *building relationships between the workers and the company* (meaning) but were solely concerned with *employment costs, reacting to change, types of contracts*. Candidates at the top of Level 2 made reference to there being *no worker representation on committees and the general unrest*. The best answers also recognised

that that ABZ's response to the criticism from the trade union actually quoted the purpose and not the meaning, proving that they did not understand the difference.

Task 2

- (a) This task required candidates to identify that *the supply of construction workers at the present time is low and so the workers on the project have skills that are in high demand throughout the country*. Many candidates achieved no marks as they simply provided general descriptions of features of labour markets without any reference to ABZ. The best answers were from candidates that could expand their answers to identify how the features would affect ABZ.
- (b) Candidates were expected to identify ABZ's view that *workers are plentiful and the level of skill required is quite low*. Answers that simply explained general labour market features were not really answering the task. Top level candidates were able to recognise the implications of this view and how ABZ had responded by paying low wages and using short term contracts.
- (c) Candidates were expected to identify ABZ's view that *workers are plentiful and the level of skill required is quite low*. Answers that simply explained general labour market features were not really answering the task. Top level candidates were able to recognise the implications of this view and how ABZ had responded by paying low wages and using short term contracts.

Task 3

- (a) A significant number of candidates were unable to identify the three ways contracts were ended on the project, although most candidates did identify *dismissal*. The other methods were *end of contracts and resignation*. Level 2 answers also provided explanations of how each method of ending a contract applied at ABZ.
- (b) Most candidates achieved some marks at Level 1 but many simply provided lists without supporting explanations as required. There were some very good answers at Level 2 where candidates evaluated the suitability of each of the alternatives for the needs of ABZ.
- (c) A poorly answered task and very few candidates achieved more than low Level 1 marks. Candidates were expected to explain *HR skills audits, forecasting future requirements – for skills and timing, supply of skilled staff, lengths of contract*. At the top of Level 2 they would also recognise that some workers do *not have their contract extended but are rehired after a short period, highlighting the lack of planning*. The most able candidates also recognised the importance of HR planning if the trade union view of the labour market was the correct view.

Task 4

- (a) A significant number of candidates highlighted the benefits of flexitime to ABZ and therefore failed to answer the task which required an explanation of how flexitime operates. Level 1 answers only provided a general definition, which explained that *workers can come and go when they wish to and that a total number of hours must be worked*. Improved answers at Level 2 would also make reference the concept of 'core time' and how time off can be accrued, they may also refer to motivation.
- (b) Candidates simply had to identify the relevant quote that *work is organised in project teams* to obtain Level 1. Level 2 candidates provided further explanations of the benefits obtained such as improvements in motivation and job satisfaction.
- (c) The Level 1 answers to this task simply repeated the relevant section from the case study. *Each worker has a monthly appraisal meeting at which previous targets are discussed and new targets set. This appraisal meeting determines whether a new contract is issued*. Candidates with a good understanding were able to explain how appraisal systems operate and make reference to SMART targets. Marks were awarded at Level 3 where candidates were also able to analyse why ABZ felt their system was fair.

Task 5

- (a) A quite poorly answered task with a lot of candidates showing poor understanding. Very many candidates correctly stated that *fringe benefits were non-financial rewards* but then included items such as bonuses, overtime payments and sick pay in their list of fringe benefits. Level 2 answers only included fringe benefits suitable for the workers at ABZ; recognising that company cars would only be offered to senior managers not all staff and that safety clothing and equipment was more likely to be a legal requirement rather than a fringe benefit.
- (b) Most candidates achieved marks at mid Level 1 only as they only made reference to *skills* as being a factor in wage differentials. Good candidates also identified the importance of *occupations and regions* whilst Level 3 candidates explained all of the factors and provided specific examples relevant to ABZ.
- (c) A poorly answered task as many few candidates provided general definitions of motivation which failed to provide a link to the relevance of the nature of work at ABZ. Level 1 answers did make reference to factors such as *job satisfaction, working relationships, recognition, variety, leadership style, levels of responsibility, working conditions*. Better answers made good links to ABZ and pointed out that many of the conditions needed to motivate staff did not exist at ABZ. The most able candidates also showed how motivational theories could be applied at ABZ.



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. The points to bear in mind include:

- (i) 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.
- (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.
- (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) Candidates must not underestimate the importance of *time management*. 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.
- (vi) *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.*
- (vii) 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.
- (viii) 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 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.

Invigilators should note that:

- (ix) 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.
- (x) 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

- (xi) Where candidates use loose sheets rather than an examination booklet, invigilators should check that the sheets have been assembled in the *correct order*.

Comments on specific tasks

The examination paper dealt with the All-Asia Steel Corporation, located in India, which produced a very popular and cheap car called WHIZZZ. While the tasks focused on organisational and employment issues, candidates were also required to consider the marketing and general impact on the economy of the car.

Task 1

- (a) Candidates were asked to explain the following business objectives of the All-Asia Steel Corporation:
- (a) (i) The first was *economic survival*. Advanced level candidates ought to have coped better with this task. Most accepted that economic survival was a concern to all businesses but did not really take it further than that. Candidates needed to recognise that the Corporation was well aware of the highly competitive nature of the car market and that consumers had a choice. In this case there was little competitive challenge because of the \$2600 price. The Corporation had identified a gap in the market which should enable it to survive until a similar alternative became available.
- (ii) The second was *market penetration*. This was a fairly typical and obvious objective: an increase in sales may result in an increase in market share. The Corporation had to ensure that its position was secure in order to challenge any likely competition. In this case, market penetration relied on two major policy thrusts: how to attract customers away from the competition, and secondly, how to appeal to first-time car buyers. Most responses did not venture beyond a general definition of the objective.
- (b) Candidates were asked to explain what was meant by a *quoted public limited company with an authorised capital of one billion ordinary shares*. This was not a very successful task as candidates tended to ignore the focus of the task and just list the general features of a public limited company. Clearly some features were required but only in the context of the situation. The word 'quoted' referred to the Corporation being listed on the stock exchange which meant its shares were freely available and transferable on the open market. The Corporation's memorandum of association would have detailed the amount of its authorised share capital i.e. the total number of shares it was legally entitled to sell. In this case the Corporation was authorised to sell up to but not more than one billion ordinary shares. A number of candidates referred to a public limited company as being owned by the Government which indicated a lack of knowledge of business types.
- (c) The Corporation needed additional capital to fund the *WHIZZZ* project. Candidates were asked to explain why *the Corporation raised that capital by selling unissued shares rather than issuing debentures*. This was a testing task but candidates were expected to understand the sources of capital for the Corporation. Candidates needed to recognise that it was usual for a plc like the All-Asia Steel Corporation to hold some shares in reserve i.e. unissued shares, so that they could be sold at a later date to finance big projects like *WHIZZZ*. The benefit was that if the Corporation did well and the share price rose, selling un-issued shares would bring in more capital and at very little cost. Debentures were an alternative option to shares as a means of raising long-term capital: they would not dilute ownership (as shares would) but they would raise gearing. There were a number of candidates who appreciated the nature of debentures and how, in the case of any default on the payment of interest, the debenture holders could sell company assets. The advantage of shares was that there was no obligation to make annual payments to shareholders.

(The problem with the task 1 series was the general lack of contextual content.)

Task 2

- (a) A description of what was meant by a stakeholder was asked for along with an explanation of why the Chairman believed the employees were major stakeholders. Although there were few strong responses, this task was quite well tackled. Most candidates offered good definitions of a stakeholder i.e. it was any person, group of persons, or organisation that had a direct interest in the Corporation's business. The employees formed an important factor of production and thus understandably considered major stakeholders. The business relied on their efforts, commitment,

skills, and cooperation. The quality of the employees reflected upon the quality of the Corporation in terms of production and image. The prosperity of the both the Corporation and the employees was mutually dependent.

- (b) The organisational structure of the All-Asia Steel Corporation was hierarchical. Candidates were asked to describe what was meant by a *hierarchical structure* and explain why it might have been suitable for the Corporation. Hierarchy was described quite well but candidates were generally weak in applying it to the Corporation. There was the recognition that (i) it was an organisational structure containing a large number of layers or ranks between the shop-floor and the senior leadership team i.e. a top-down structure; (ii) although there were many layers there were narrow spans of control; (iii) and that each person had a clear role and responsibility. As the Corporation was huge and divided into five major divisions employing thousands and operating on several sites, it may have seemed appropriate for the senior management team to keep a tight control of the organisation through a hierarchy. The view might be that except in cases of creativity, the Corporation was just too big to trust flat structures.
- (c) (i) Candidates were required to explain how *more team-working would improve motivation and commitment*. Most responses indicated knowledge but tended to be generic. Teams tended to comprise multi-skilled and trained staff and were given an entire project or process to manage. Many responses appreciated that more employee involvement equalled more responsibility and opportunity which resulted in better motivation: in other words it created interest in work and the company. Within the Corporation, it could be means to offset the effect of a hierarchy in that employees felt they had something to contribute.
- (ii) A description was asked for of what was meant by *matrix management*. This task was quite well executed and most candidates recognised that specialists were brought together from different departments and/or specialism to share their knowledge and advice. Matrix management was suitable for running specific projects in the Corporation such as developing a new product e.g. WHZZZ. To make it work there had to be a willingness to set up tasks that crossed departmental or divisional boundaries. Employees had the opportunity to use their abilities to greater effect and projects were often much better coordinated.

Task 3

- (a) This task was familiar and asked candidates to discuss *two expectations* that the All-Asia Steel Corporation might reasonably have had of its employees.
- (i) The first was the *willingness to undertake any work reasonably asked of them*. Some latitude was granted here as a number of candidates allocated some points more suited to the following task but were, nonetheless, appropriate. The main issue was that employees should be prepared to undertake any task that was within competence but not if it was unsafe, hazardous or illegal. The task related to the matter of employee attitude i.e. work ethic and support for the Corporation. It also hinted at possible multi-tasking.
- (ii) The second concerned the *commitment to the business and its objectives*. There was some linkage here with the previous task. It raised the question of employee attitude versus senior management attitude. The employees were given a good employment package e.g. pay, bonus, medical insurance, which ought to have motivated employees and encouraged loyalty to the Corporation: in other words, in return for a progressive employment policy, the Corporation could expect the commitment of its employees. The prosperity of both the Corporation and employees relied on mutual commitment.
- (b) Candidates were required to describe what was meant by *job-sharing* and explain why the Corporation offered it to female employees. Some Centres were not familiar with the concept of job-sharing, at least not in the form applied in the case study. Certainly, many scripts correctly defined the term in that one job was undertaken by two people who split the job and the working week between them nominally, but not necessarily, on a 50:50 basis with each employee being paid *pro rata*. Job-sharing implied a greater productivity. In addressing why the Corporation offered job-sharing to women, candidates should have assumed that many women had family commitments e.g. young children, aged parents, which inhibited full-time working. The arrangement allowed them to work and earn an income.

- (c) An explanation was required of what was meant by the official view that '*when the Corporation prospers then so do the employees*'. This task pulled together the points rehearsed in 3(a)(i) and (ii) above. Commitment to the business meant success for both employer and employee. If the Corporation was aware and forward-looking then it would recognise the efforts of the employees through pay, bonuses and fringe benefits. Employees, equally, should have felt obliged to support their company. This task was fairly well answered.

Task 4

- (a) With reference to *WHZZZ*, candidates were asked to explain how the All-Asia Steel Corporation might have been influenced by certain PEST or external factors.
- (i) The first was *consumer preference*. This task tended to be treated with rather vague explanations and perhaps there was a lack of connection with the marketing implications. There may have been passive consumer resistance to *WHZZZ* because of their loyalty to other car manufacturers. The Corporation needed to place consumer interest uppermost in its advertising and promotion: in other words, *WHZZZ* should have been actively chosen by consumers. Market research helped to identify the market and forecast demand. If the Corporation had understood the market correctly then the car would do better in the market owing to consumer preference.
- (ii) The second was *social, ethical and environmental issues*. This task was not very successful and many candidates tackled it by separating the three aspects and answering each one in turn. The issues were bundled but required a comprehensive approach. Being a very large Corporation meant being a bigger and easier target for environmental pressure groups. In the context of growing worldwide concern about damage to the environment, *WHZZZ* was seen as another source of pollution and a consumer of non-renewable resources. The question to have been raised was – did the Indian sub-continent need this car? The Corporation's view was that it provided employment and contributed to the economy.
- (b) The Corporation benefited the community at large but public opinion was concerned about the negative externalities caused by the production processes.
- (i) Candidates were asked to explain the meaning of '*externalities*'. Good definitions were lacking and very few candidates understood that externalities were costs or benefits which occurred as a result of the Corporation's many operations. The costs were borne not by the Corporation but by the community at large e.g. waste, noise, foul air, congested roads. The benefits arose through the knock-on effect on local services and supply industries e.g. new firms and related industries being attracted to the area and so improving employment and earning potential.
- (ii) Linked to the above task, candidates were required to offer *a description of the kind of negative externalities that were causing public concern*. Most responses recognised the adverse nature of these externalities but descriptions were, in the main, quite limited. These negative externalities were mainly environmental problems arising from the operation of the Corporation's plants. The task asked about the '*kind*' of negative externalities so candidates had a choice of likely issues e.g. waste and its disposal, pollution of air, land and water, noise, congestion, use of dangerous chemicals. The new car was seen by some as a negative externality. These externalities were the price paid for the employment and business the Corporation provided.

Task 5

- (a) With reference to *WHZZZ*, candidates were asked to explain the following marketing objectives:
- (i) The first was the *achievement and maintenance of a targeted market share*. Most responses were vague and avoided any useful definition. The point to be made was that the market share indicated where *WHZZZ* stood in relation to the car market as a whole and that it could be measured by units sold or by value. Candidates should have recognised that targeting represented a deliberate attack on the market to achieve a certain penetration. Once the target had been achieved then it had to be maintained by product support and/or improvement.
- (ii) The second was a *successful marketing mix*. A detailed breakdown of the 4Ps was not required but clearly some basic analysis was required. Few scripts contained reasoned responses. A good answer would have included reference to the 4Ps and the way they related to each other to make

WHZZZ successful. The fact that the car was popular proved that the marketing mix was indeed successful. Specifically the 4Ps could have been so described:

Price: this was \$2,600 which, even in sub-continent terms, was attractive, cheap and competitive resulting in demand outstripping supply;
Product: an affordable family car and one to replace scooters and bicycles;
Promotion: the Corporation supported suitable advertising like newspapers, hoardings, television, special events, and motor shows;
Place: the car was sold through dealerships.

- (b) This task called for an explanation how *the state of the economy and competition influenced the market for WHZZZ*. Most candidates appreciated these influences reflected the trade or business cycle. An economic slow-down meant less disposable income and falling car sales. Equally, a market in recovery or in boom resulted in strong sales. A significant point which was missed by all candidates was that even if the economy faltered, the Indian middle class was so large that a significant proportion of it would still be able to buy *WHZZZ* and perhaps sales would not have suffered too much in the short term. The Corporation had to focus on the car market and monitor competition trends e.g. what other car manufacturers were doing in terms of, for example, prices, new designs, promotions.
- (c) Finally, a description of what was meant by *customer service* was asked for along with an explanation why it was important that the car dealerships should be committed to it. Customer service reflected a customer's experience of car dealerships and it covered staff attitudes and behaviour towards customers. It should recognise the customer as the main resource i.e. without customers there is no business i.e. satisfied customers = employment and profit. Bad customer service would not only reflect upon a dealership but also on the producer of *WHZZZ*. Poor sales and complaints would lead to a withdrawal by the Corporation of its support for the dealerships. Commitment to customer service would encourage business other than car sales e.g. sale of spares, repairs, servicing. This task was generally well answered although there were those candidates who did not make a connection between the producer and the dealerships.