

BUSINESS ADVANCED LEVEL

Paper 8923/5171

Business Organisation and Environment

General comments

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

- (i) 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.
- (ii) 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 and return the examination paper also.
- (iii) 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.
- (iv) 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 – in this instance to 'Oolong Foods'. 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 as context is important.
- (v) Poor examination technique remains an ongoing issue and still hinders the achievement of higher marks for many candidates. Teachers are strongly advised to address the subject when preparing their candidates for the examinations. Previous examination papers and the Principal Examiner reports are readily available and it is recommended that they are used as resource material during the revision period.
- (vi) It is equally important that the entirety of the syllabus is taught; some tasks were poorly answered owing to a general lack of business knowledge.
- (vii) Candidates must learn that a succinct and focused answer is preferable to one that is lengthy and offers little substance. They need to differentiate between the demands of different value tasks. There is little to be gained from writing a detailed answer to a 2-mark task and then giving scant attention to one offering 4 marks. At no point in the examination paper are candidates required to submit lengthy essay-type answers but they must write sufficient detail to demonstrate to the Examiner that they understand the tasks.
- (viii) 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.

- (ix) 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.
- (x) Layout is still an issue although, overall, scripts seem to be better presented. Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, but teachers and candidates must acknowledge that these instructions have a purpose.

Comments on specific tasks

The case study was about Oolong Foods which owned twelve supermarkets, a warehouse, and a small farm. Incredibly the business was still a sole trader and Mr Chan, the founder and owner, was being pressured by his family to turn Oolong Foods into a private company. Mr Chan's prices were a little above those of his competitors but then he only sold high quality produce.

Question 1

- (a) Candidates were asked to explain and justify two business objectives of Oolong Foods.
- (i) This task focused on profit. Too many answers explained what profit was i.e. the residue or surplus after all expenses had been accounted for but avoided the essence of the task which was its justification. Candidates should have discussed why Oolong Foods needed to make a profit and pursued a couple of points in support:
- Profit was the main reason why Chan went into business.
 - It created a much needed internal source of finance for Chan's business.
 - It reflected the success of the business.
 - It reflected the position of Oolong Foods in the market.
 - Profit was Chan's motivation or reward for risk taking.

Most of the candidates who were able to identify one or two reasons did not apply them to the case study.

- (ii) The second objective was satisfying customer demand. Responses tended to be general and lacked the refinement of application. The main point candidates should have emphasised was that without customers there was no business. The process of satisfying customers involved treating them with consideration, offering fair prices and produce of good quality. These points were mostly recognised but equally important factors like being well stocked and offering good choice were absent from answers.
- (b) Mr Chan was always worrying about costs and candidates were asked to explain what was meant by two particular cost factors.
- (i) The first of these was indirect costs. For the most part, candidates understood that they were not directly attributable to a cost centre. Many identified them as fixed costs or overheads and gave appropriate examples. Some responses strayed into the next task and related break-even to costs and then had nothing to offer **1(b)(ii)**.
- (ii) The second factor was the break-even point. Again, candidates were aware that it was the point at which revenue and expenditure were equal but failed to say that from there Oolong Foods moved into profit. Full marks were available for just quoting the formula i.e. break-even = fixed costs ÷ contribution per unit, but very few candidates did so. Some candidates answered very fully indeed and included a graph in support of the definition. While an illustration was acceptable, the task specifically asked for an explanation. There were, therefore, cases of over-responding and spending more time on the task than the marks warranted.

- (c) Candidates were asked to explain two reasons why a private limited company would be more appropriate for Oolong Foods. Candidates were not asked just to identify two features although a number did just that. They were asked for reasons which needed to focus on the case and be discussed in context. The reasons had to be seen as advantages over being a sole trader and the following features appeared to be relevant:
- Limited liability: in the case of Oolong's bankruptcy, Mr Chan and his fellow shareholders would not lose their personal assets only their investment in the business.
 - The company would have continuity: if Mr Chan (83) died suddenly then the company would continue.
 - The company would have separate legal identity: Oolong Foods could acquire and dispose of property, and sue and be sued in its own name.
 - The original owner would still be able to maintain control: the law allows for a sole director so Mr Chan could still maintain his personal control over the business.

Question 2

- (a) Oolong Foods did not have an organisation chart. This task called for four purposes of an organisation chart. Candidates tackled this task quite well and the more obvious choices were: setting and achieving targets; distributing work; monitoring performance of the company; indicating lines of authority and responsibility; showing channel(s) of communication; identifying objectives. All that was required here was the identity of a purpose with just a sentence of support.
- (b) Oolong Foods was a centralised business. Candidates were asked to identify and discuss one advantage and one disadvantage of Mr Chan's business being centralised. This was a familiar task and candidates were able to earn reasonable marks although the general lack of context meant that few earned full marks.

The main point of advantage expressed by candidates was that Mr Chan's decisions were taken more quickly than had he consulted his staff and that his policies could be applied consistently throughout Oolong Foods. More refined answers made the points that conformity helped to maintain the image and reputation of the company.

In identifying the disadvantage, most candidates chose to explain how centralisation tended to remove the initiative and input from managers (who were all family members and the situation only increased their frustration). It was further claimed that centralisation increased the volume of communication between managers and Mr Chan.

- (c) Mr Chan's leadership style was considered to be authoritarian. An explanation was required of what was meant by an authoritarian style of leadership. This task was not undertaken very well largely because most candidates treated it as a repeat of the foregoing task. The emphasis was very much on Mr Chan's control and need to make quick decisions. However, the approach required was an explanation not only of Mr Chan's need to keep a tight control of information and decision-making but of the implication that he had a general lack of confidence in his staff to make appropriate decisions.

Question 3

- (a) There were three specific expectations that Mr Chan had of his employees. Candidates had the task of discussing each one.
- (i) The first was effective and efficient work. Surprisingly this task was not well done as most repeated the terms efficient and effective without really attempting either interpretation or adequate application. It was evident that the terms were not fully understood i.e. effective meant to produce the desired results and efficient was equal to competence. Generally the argument offered was that staff should complete their work on time omitting to recognise that good timekeeping, appropriate handling of customers, tidiness of sales/storage areas, minimal leakage re stock/money, and good stock rotation were all part of the equation.

- (ii) The second expectation was the willingness to undertake any work reasonably asked of them. This task was rather weakly attempted and few answers got beyond either a reorganisation of the task or a recognition that employees needed to be cooperative. An answer could have been refined by reference to work ethic, attitude, multi-tasking, and being part of a team.
 - (iii) The third and last expectation was the acceptance of Mr Chan's code of conduct. The understanding of the code was not very strong and mostly reference was made to dress and customer service. An essential point was that Mr Chan expected his staff to carry out their duties in a way that positively affected the company image and reputation. The code also covered personal hygiene and manners.
- (b) Mr Chan refused to put anyone on a permanent contract and his managers were employed on one-year fixed term renewable contracts. Candidates were asked to explain a one-year fixed-term renewable contract and suggest one benefit to Mr Chan's business of employing senior managers in this way.

The explanation was straightforward and most candidates clearly understood that it was an employment contract which ran for the specific fixed term of one year. Good answers pointed out that a contracted employee was treated as permanent in respect of benefits and pay and that satisfactory work meant a renewal of the contract.

Generally the benefit was better treated than the explanation and it was acknowledged that if a manager did not perform well, Mr Chan didn't have to renew the contract. Oolong Foods also benefited as the contract acted as an incentive for managers to achieve the company's targets.

- (c) Oolong Foods made wide use of computer technology. Two ways were asked for in which computer technology was likely to be used in the business. This task proved easy in that candidates could identify appropriate ways but some candidates did not offer clarification or explanation. Each way only needed a sentence in support. Examples of computer usage included cash and credit transactions, financial records, payroll, personnel records, ordering of stock, stock control, and communications.

Question 4

- (a) Every business is affected by PEST or external factors that influence its activity. Candidates had to explain how Oolong Foods might be affected by three such factors:
- (i) The first was competition. Weaker candidates tended to define competition without really explaining its impact on Oolong Foods. However, the better answers explained that competition could encourage Mr Chan to introduce new products and/or services and, in any case, to review his policies. The Oolong Foods business was in a very competitive market and that affected costs, prices and target markets. If Mr Chan had not got the experience to cope with competition, his business could have been forced out of the market or suffered a reduction in profitability.
 - (ii) The next was disposable income. Mostly candidates explained this was the amount a salary/wage earner had left after all deductions and expenses i.e. money free of all commitment to be spent as an individual wished. There were, however, instances where candidates saw disposable income as the amount a company had left over. The essential point here was to apply the definition to Oolong Foods i.e. if consumers had sufficient disposable income to spend in Mr Chan's shops then they would, perhaps, purchase the more expensive luxury and/or impulse lines. If economic conditions were in decline then people would buy only essentials and that would affect Mr Chan's turnover and profit.
 - (iii) The third and last was government policies towards business. This task was not well done in the main. Either a list of issues was offered or weak consideration of, say, taxation. The point that would interest Mr Chan was the government's basic attitude towards business: Did it seek to encourage enterprise? Did it have measures to control inflation? Did it use company taxation to encourage, for example, training and the updating of computer systems? etc. Candidates needed to demonstrate that they understood how government might affect business.

- (b) Mr Chan is the chairman of a trade association. The tasks called for an explanation of what a trade association was and how Mr Chan benefited from his membership of it. This task proved to be a disappointment as the majority of the candidates clearly thought that a trade association was some kind of wholesale buying group or import/export agency instead of being an organisation representing an industry or, as in this case, the grocery trade. The association would lobby Government, express opinions, formulate policies, undertake research, provide information and help regulate its trade. Mr Chan (like the other members) benefited because he received information and advice, had access to Ministers and officials, and enjoyed general support from the association.
- (c) This task involved the identification of two factors which influenced the location of Oolong Food's supermarkets. It was a straightforward location issue with some clear clues in the text. The task specifically mentioned supermarkets and yet many answers dealt with the out-of-town location of Mr Chan's warehouse. Candidates were not required to rehearse their general knowledge of location but to suggest likely factors influencing Mr Chan's choices of location. Several reasonable choices could have been made from these examples: access to markets i.e. customers, availability of staff, occupancy costs, planning permission, availability and suitability of sites.

Question 5

- (a) Candidates were asked to explain two of Oolong Foods' marketing objectives.
- (i) The first marketing objective was to operate a successful marketing mix. Candidates were not required to offer a detailed breakdown of the 4Ps although some reference was clearly required and, indeed, the clues were in the text. The essential point to have made was that all the appropriate factors came together to make shopping at Oolong Foods pleasant and the company's turnover was ample evidence of that. A lot of responses tended to focus entirely on the 4Ps but, instead of dealing with them in context, they were described in general terms. Mr Chan's price was above average but represented good value for money and his products were recognised as being of high quality. As far as promotion was concerned, candidates could have assumed good in-store promotion and appropriate advertising. The place was met by well run and attractive supermarkets.
- (ii) The second marketing objective was to achieve and maintain a targeted market share. This task was not tackled particularly well and some candidates seemed confused about the meaning of market share. Mr Chan's targeting represented a deliberate 'attack' on a market, or a segment, in an effort to achieve an acceptable degree of penetration which would have been measured by turnover. Calculating and then achieving market share would have indicated to Mr Chan where he stood in relation to the market as a whole.
- (b) Mr Chan believed that his customers were his main resource and candidates were asked to explain what he meant by that. Put quite simply, without clients there would have been no business and most candidates appreciated that point but without explaining how important they really were i.e. customers meant employment, business, earnings, profit, success and, therefore, had to be treated with respect. Customers were important stakeholders.
- (c) (i) This called for an explanation of the importance to Oolong Foods of a customer service policy. Candidates tended to reiterate the point about customers being the main resource and suggested that the policy had as its aim the development of customer loyalty and further business. All too often explanations lacked the refinement of suggesting that the policy dealt with a customer's experience of shopping at Oolong Foods which included, for example, employee behaviour, how well employees were trained, guarantees, handling of complaints.
- (ii) The final task asked for a list of four likely features of Mr Chan's customer service policy. Candidates were only required to list the features. Some gave explanations but they did not affect the allocation of marks. This was not a difficult exercise and mostly candidates identified appropriate features like: replacement of poor quality or faulty stock, refunds, handling complaints, customer advice, free delivery for the elderly and disabled customers.

BUSINESS ADVANCED LEVEL

Paper 8928/5172

Effective Business Communication

General comments

Candidates must read the case study and the tasks carefully. Candidates are given 15 minutes for this. This time should be spent making brief notes identifying the key facts in the case study and relating them to the tasks. This is particularly the case with **Task 1(a)** and **(b)**, and **Task 2**. Candidates will then be in a better position to answer all the tasks in the time set, with a little left at the end of the examination session for a final read through of their work.

Task 1

- (a) This part of the task was not well answered. Many candidates did not read the question carefully and wrote about reasons and not consequences. Answers should have referred to: lack of understanding, miscommunication leading to misinformation, barriers being built up etc.
- (b) Many candidates correctly identified the three methods but included one-way communication. Many candidates identified a presentation but this is essentially a one-way method, as is e-mail, letters, memo, voice mail.
- (c) (i) This was a task about non-verbal communication, in that kinetics is a form of body language. The majority of candidates gained full marks for this.
(ii) Many candidates repeated points made in (i) and failed to explain its importance.

Task 2

- (a) **Layout**
Generally candidates scored 4/5 marks here, however, candidates must make up a full realistic address for both the letterhead and the inside address. 'Supersol Construction Ltd Spain' and 'Golf World Thailand' are not sufficient. The salutation i.e. 'Dear Mr. Mrs. Ms ' or 'Dear Sir/s' must have a matching complementary close i.e. 'Yours sincerely' or 'Yours faithfully' respectively.

Content

The content must include the following:

- (i) Reference to the purpose of the meeting.
(ii) The people involved on both sides.
(iii) Actual date, time and place for the meeting. 'Two weeks from now' is not acceptable.

Candidates must read the case study carefully to get the overall picture of the scenario and then address what the task specifically asks for. In many cases it was unclear as to who was meeting whom, where and for what purpose.

Please see the appendix for exemplar material.

- (b) Some candidates were unclear as to what an intranet is. They wrote in general terms, answers being more akin to the internet in general, failing to point out that an intranet is internal.
- (c) Well answered.

Task 3

- (a) Some candidates misunderstood or misinterpreted this part of the task. Many candidates did not understand what a virtual group is and answered in terms of 'working groups' or groups in general. The task asked to identify four factors facing virtual groups, and could have included: lack of physical contact and visual impact, different cultures and languages, distance and difficulty of co-ordination and integration. These ideas should have been applied to the following areas of the business: business development, sales, contracting and operations.

Many candidates did identify language, culture and distance as factors but did not explain them in the context of virtual groups.

- (b) The majority correctly identified three duties and explained them.
- (c) Correctly answered by most candidates

Task 4

- (a) Generally well answered.
- (b) A straightforward task asking how to 'prepare' for an employment interview. Candidates should have realised that interviewees had already been chosen and were called for interview. Many candidates listed valid points which were accepted but lost marks because there was little or no explanation.
- (c) With few exceptions, most candidates gained full marks.

Task 5

- (a) Time was a significant factor regarding the quality of answers. It was obvious in some cases that answers were rushed and therefore lacking in detail.
- (b) Many correctly identified three purposes but failed to develop them.
- (c) Many correctly identified three relevant forms of technology.

Appendix 1

COMPANY LETTERHEAD – THIS MUST HAVE THE NAME OF THE
COMPANY AND A FULL RELEVANT ADDRESS

← THE INSIDE ADDRESS – THE ADDRESS AND
NAME OF THE PERSON AND/OR COMPANY
RECEIVING THE LETTER

← DATE

← *SALUTATION: DEAR SIR/SIRS/MADAM/MR...

SUBJECT OF THE LETTER

PARAGRAPH ONE OF THE BODY OF THE LETTER

PARAGRAPH TWO OF THE BODY OF THE LETTER
(THERE CAN BE MORE)

← *COMPLEMENTARY CLOSE

← SIGNATURE

← NAME OF SENDER

*Salutation and complementary close must match

Appendix 2

COMPANY NAME OR LOGO ONLY	(1 mark)
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INTERNAL MEMORANDUM OR MEMO	(1 mark)
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TO	} (1 mark)
FROM	

DATE	(1 mark)
------	----------

SUBJECT	(1 mark)
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*PARAGRAPH 1

*PARAGRAPH 2

SIGNATURE	(1 mark)
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Any four marks from six for layout = 4 marks
*Four marks for content= 4 marks

Appendix 3

Example

GENERAL MEDICAL CARE SERVICES
HEAD OFFICE HONG KONG COMPLEX SINGAPORE
TEL + 65 1234 5678

Mr
Managing Director
Biomedical Global Ltd
(rest of address)
.....
.....
Date

Dear Sir,

Re: Forthcoming meeting in Singapore

I have been asked by our Managing Director Mr..... to invite you and your Chairman to a preliminary meeting to discuss

The meeting will take place on (date)..... at (location - e.g. Head Office)...., (address)..... at 10.30am.

I would be grateful if you would forward me your flight details in order that our representative can meet you at the airport.

Yours faithfully,

(signature)

P.A. to Managing Director

BUSINESS ADVANCED LEVEL

Paper 8929/5173
Business Finance

General comments

Overall the performance of the candidates in the October 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 appeared that the candidates managed their time effectively with most candidates producing answers to all parts of the tasks. 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 the full mark awards.

Comments on specific tasks

Task 1

Overall the answers to all **parts (a) – (e)** of this task were satisfactory with many candidates scoring high marks.

Most candidates produced satisfactory answers to **parts (a), (b) and (c)** and in a large number of cases the candidates were awarded full marks.

Surprisingly the answers to **part (d)** were rather disappointing with many candidates providing vague answers and few candidates providing accurate examples of the double entry process.

The answers to **part (e)(i)** were often precise and correct and as a consequence the candidates received full marks.

The answers to **part (e)(ii)** were rather disappointing with few candidates capable of extracting all the relevant data from the case study and completing the calculation correctly.

Task 2

Overall the answers provided for this task were satisfactory.

The answers for **part (a)** were rather mixed; there were many excellent answers and some poor responses. A major problem was that candidates were able to provide evidence of the legal formalities but they chose to ignore the need to describe the financial formalities and as a consequence lost all the marks that had been allocated for this element of the task.

The answers to **part (b)** were generally good with most candidates scoring high marks.

The answers to **part (c)** were rather disappointing with many candidates providing very vague answers and in many cases not providing a response that showed how the different sources of finance differed from each other.

Task 3

Overall the answers to **parts (a), (b) and (c)(i)** were good with many candidates scoring high marks.

The answers to **part (c)(ii)** were either very good or very poor. The poorer answers were often totally irrelevant and/or so vague as to warrant no marks.

Task 4

Overall the answers provided to **part (a)** of this task were very satisfactory with the majority of candidates demonstrating that they knew how to draw up an accurate balance sheet. However, there were a large number of instances of balance sheets that were not produced with the correct format and as a result the candidates lost the marks that were allocated for the format.

The responses to **part (b)** were often rather vague and as a consequence the candidates scored low marks.

Task 5

Overall the answers provided for this task were satisfactory with most candidates demonstrating that they were aware of both PEST factors and business plans.

However, candidates lost marks when answering **part (a)** as they failed to identify the PEST factors in the case study and decided to provide examples of their own.

The answers to **part (b)** were generally good with the majority of candidates aware of the type of information that should be included in a plan. A few candidates lost marks simply because their responses were too brief.

Centres are urged to explain to candidates that they should carefully study the mark allocations in the examination paper as this gives some indication of the depth of response that is likely to attract the highest marks.

BUSINESS ADVANCED LEVEL

Paper 8929/5174

Marketing

General comments

It is pleasing to report that some Centres achieved good marks for this paper this session. A few very 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 weaker candidates who did not have a good knowledge of the syllabus, and who answered incorrectly and inappropriately for the situation described. Some of these candidates appeared not to pay any attention to the breakdown of marks against each part of a question and so wrote all they knew about a topic generally, without any attempt to link the answer to the case study. This mark allocation is an important indicator of the depth of answer that is required. For example, just spelling out what the letters in SWOT stand for is not enough to get the full 4 marks at this level when the question asked how the SWOT framework is used in preparing a marketing plan.

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. The specifics of each task for this paper are detailed in the section that follows.

Comments on specific tasks

Task 1

- (a) The first part of this task looked for a definition of marketing and many did this well, giving the Chartered Institute of Marketing's definition or that of the American Marketing Association.
- (b) The second part of this task proved more difficult for many candidates. The question asked for three benefits that marketing offered to the Holiday Village, with five marks available for each one described. Various mistakes were made. Some just listed three benefits of marketing without expanding on them. Others were very generic in their answers and did nothing to link them to the case study at all.

Task 2

- (a) This part of the task asked for the 5 stages of the marketing research process to be identified and explained. Most candidates could do this part of the task quite well and, as it has been examined before several times, this was to be expected.
- (b) The second part of the task caused problems for some candidates. It asked for two research projects that could be used to inform the marketing plan. Many candidates misread this as two types of research and wrote about primary and secondary research methods. Where candidates expanded and stated appropriate purposes for research for the Holiday Village then marks were awarded. Teachers should encourage candidates to read the questions carefully.

Task 3

This task explored segmentation in several ways.

- (a) The 4 marks for the first part of the task should have been easily achievable as all that was required were the four key aspects of the definition of segmentation:
- the division of markets
 - into groups of customers
 - with sufficiently similar needs
 - to enable effective targeting of marketing activities
- (b) (i) This part of the task asked for segmentation methods that were suitable for the Holiday Village. Most candidates were able to identify three segments that were appropriate to a business to consumer market. However, fewer were able to explain them accurately and link them to the case study.
- (ii) This final part of the task proved difficult for many candidates. The most useful source of information was internal records of previous customers. However, many picked up from the case study that the Tourist Information Office had provided information and so used this in their answer. Others mentioned the website and, as long as the information referred to was suitable to assist with segmentation, marks were awarded.

Some candidates referred to advertising on the website rather than using data to help segmentation and so were not able to gain marks.

Task 4

Many candidates found the first part of this task difficult and some candidates did not attempt it. Some candidates wrote about growth strategies or segmentation which was not part of the task. Those who were familiar with Porter's 3 generic strategies completed this part of the question well and gained good marks.

Many found it difficult to expand on the fact that SWOT stands for strengths, weaknesses, opportunities and threats. This alone was not enough to gain all 4 marks.

In the final part of the task it was good to see that some could use examples to explain why it is important to balance the elements of the marketing mix. For example, a quality product such as a prestige car needs to be promoted to the right target audience in the right media and pricing needs to reflect this prestige image. Some candidates did not mention the various elements of the marketing mix or use examples and so marks were limited.

Task 5

- (a) Some candidates did very well with this part of the final task and suggested appropriate media as well as how all five elements of the promotional mix – advertising, public relations, sales promotions, personal selling and direct marketing – could be used for the purpose stated. In fact, some answers were creative and suggested special offers and special themed evenings to attract local residents to use the restaurant in the evenings.

Unfortunately some candidates confused the promotional mix with the marketing mix and so wasted time writing about parts of the mix that were irrelevant to the task.

- (b) In this final part of the last task candidates were asked to identify how the Holiday Village could differentiate itself from other local venues. Some did very well and highlighted the canoeing and cycling, as well as suggesting other ways that the riverside setting might be used.

BUSINESS ADVANCED LEVEL

Paper 8929/5175

Human Resource Management

General comments

It is pleasing to see that there has been some improvement in the quality of the answers on this paper. Some answers to the tasks are extremely detailed and show a considerable knowledge of the topic concerned. Everyone should be congratulated for this gradual improvement. However, a problem that remains is the candidates' inability to distinguish between some of the command words such as describe and explain. The candidates' ability to analyse and evaluate was extremely poor.

Assessment objective 1 is still causing the majority of candidates a great deal of trouble with few able to distinguish between meaning, purpose, strategic and operational human resource management. It would appear that this section is being neglected and in contrast assessment objective 4 continues to be over taught with many candidates providing extremely detailed accounts of a wide range of methods used to monitor or measure performance. Such detail is not required and can be burdensome on the candidate.

Comments on specific tasks

Task 1

This task shows that candidates find this assessment objective extremely difficult. There is still confusion over the difference between operational and strategic purpose.

- (a) Approximately half of the candidates understood the operational purpose of HRM but an equal number did not. Too many candidates quoted the meaning of HRM or listed extracts from the case. The operational purpose was contained in the case but an explanation was required.
- (b) Too many candidates were unable to answer this part of the task. Many candidates simply explained everything that HCCB had done that was remotely linked to HRM.
- (c) This was the weakest part of the task. Candidates seem unable to link the theory of the changing role of HRM with the changes at HCCB. To understand the theory is only part of the process and candidates must be able to recognise the practice and explain this.

Task 2

This task produced some good answers although the weaker candidates had some problems with basic definitions.

- (a) Many candidates read this task as "explain technical change and redundancy". Others merely described the different technical changes taking place or that could take place at HCCB. A surprising number did not understand the term redundancy.
- (b) This task produced a list of the characteristics taken directly from the case. Very few explained the full range of characteristics, many preferring to concentrate on age or gender.
- (c) The majority of candidates described what a trade union is and its function, very few candidates actually answered the task and linked the trade union activity with HCCB. Those that did make the link produced some excellent answers.

Task 3

The basic parts of assessment objective 3 are clearly understood by all candidates. However, the less clear-cut aspects such as planning are nowhere near as well understood. This is an area that requires development.

- (a) This part of the task was extremely well answered with candidates producing a very detailed account of all of the contracts used, including contracting out.
- (b) All candidates understood that contracts ended by retirement but too many failed to explain what this meant. The task asked for an explanation and so the process of retirement was required as part of the explanation.
- (c) Those candidates that understood this task, and there were a few that did not, correctly identified the strengths and weaknesses. The failure of many candidates was the depth of the explanation they provided. Too many provided a very superficial explanation.

Task 4

Assessment objective 4 is generally well understood but a major problem still exists with the candidates' inability to distinguish between working patterns and working structures.

- (a) The majority of candidates were able to understand that the working structure used was a 'functional' working structure but they failed to go beyond this point. Parts of the case were repeated and explanations of working groups were provided but few actually explained what a functional working group is.
- (b) As expected this task produced extremely detailed answers, however, many were not linked to HCCB as required. Appraisal is always a favourite topic and one that is taught in considerable detail. Some of the time devoted to the many types of appraisal might be better spent ensuring that candidates actually relate their answers to the task.
- (c) Candidates clearly have an excellent knowledge of communication and conflict resolution methods. Some fail to understand the difference between the two but the majority did understand those methods used by HCCB. Unfortunately virtually no candidates managed to evaluate the methods used as required by the task.

Task 5

This task produced both some excellent answers and some very poor responses demonstrating the fact that this assessment objective is not fully understood by the majority of the candidates.

- (a) Candidates find the concept of the 'nature of the work' very difficult to understand judging by the poor responses to this part of the task. They seem unable to comprehend that anything other than money or benefits could be accepted as a reward.
- (b) Candidates clearly understand what fringe benefits are and were able to explain them in detail. Many understood that they were a means of motivating workers. The link to the case was in almost all cases quite poor with candidates preferring to answer the task in an abstract form.
- (c) Few candidates managed to understand and effectively explain the HCCB wage/salary structure. The material was in the case study but candidates preferred to discuss how salaries are paid generally rather than in the case of HCCB. Once again the theory was evident but the application to the case was very weak.

BUSINESS ADVANCED LEVEL

Paper 8929/5179

Business Organisation and Environment

General comments

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

- (i) 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.
- (ii) 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 and return the examination paper also.
- (iii) 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.
- (iv) 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 – in this instance to 'Oolong Foods'. 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 as context is important.
- (v) Poor examination technique remains an ongoing issue and still hinders the achievement of higher marks for many candidates. Teachers are strongly advised to address the subject when preparing their candidates for the examinations. Previous examination papers and the Principal Examiner reports are readily available and it is recommended that they are used as resource material during the revision period.
- (vi) It is equally important that the entirety of the syllabus is taught; some tasks were poorly answered owing to a general lack of business knowledge.
- (vii) Candidates must learn that a succinct and focused answer is preferable to one that is lengthy and offers little substance. They need to differentiate between the demands of different value tasks. There is little to be gained from writing a detailed answer to a 2-mark task and then giving scant attention to one offering 4 marks. At no point in the examination paper are candidates required to submit lengthy essay-type answers but they must write sufficient detail to demonstrate to the Examiner that they understand the tasks.
- (viii) 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.

- (ix) 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.
- (x) Layout is still an issue although, overall, scripts seem to be better presented. Unclear or untidy scripts can present Examiners with unnecessary difficulties. No marks are deducted from scripts where candidates ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, but teachers and candidates must acknowledge that these instructions have a purpose.

Comments on specific tasks

The case study was about Oolong Foods which owned twelve supermarkets, a warehouse, and a small farm. Incredibly the business was still a sole trader and Mr Chan, the founder and owner, was being pressured by his family to turn Oolong Foods into a private company. Mr Chan's prices were a little above those of his competitors but then he only sold high quality produce.

Question 1

- (a) Candidates were asked to explain and justify two business objectives of Oolong Foods.
- (i) This task focused on profit. Too many answers explained what profit was i.e. the residue or surplus after all expenses had been accounted for but avoided the essence of the task which was its justification. Candidates should have discussed why Oolong Foods needed to make a profit and pursued a couple of points in support:
- Profit was the main reason why Chan went into business.
 - It created a much needed internal source of finance for Chan's business.
 - It reflected the success of the business.
 - It reflected the position of Oolong Foods in the market.
 - Profit was Chan's motivation or reward for risk taking.

Most of the candidates who were able to identify one or two reasons did not apply them to the case study.

- (ii) The second objective was satisfying customer demand. Responses tended to be general and lacked the refinement of application. The main point candidates should have emphasised was that without customers there was no business. The process of satisfying customers involved treating them with consideration, offering fair prices and produce of good quality. These points were mostly recognised but equally important factors like being well stocked and offering good choice were absent from answers.
- (b) Mr Chan was always worrying about costs and candidates were asked to explain what was meant by two particular cost factors.
- (i) The first of these was indirect costs. For the most part, candidates understood that they were not directly attributable to a cost centre. Many identified them as fixed costs or overheads and gave appropriate examples. Some responses strayed into the next task and related break-even to costs and then had nothing to offer **1(b)(ii)**.
- (ii) The second factor was the break-even point. Again, candidates were aware that it was the point at which revenue and expenditure were equal but failed to say that from there Oolong Foods moved into profit. Full marks were available for just quoting the formula i.e. break-even = fixed costs ÷ contribution per unit, but very few candidates did so. Some candidates answered very fully indeed and included a graph in support of the definition. While an illustration was acceptable, the task specifically asked for an explanation. There were, therefore, cases of over-responding and spending more time on the task than the marks warranted.

- (c) Candidates were asked to explain two reasons why a private limited company would be more appropriate for Oolong Foods. Candidates were not asked just to identify two features although a number did just that. They were asked for reasons which needed to focus on the case and be discussed in context. The reasons had to be seen as advantages over being a sole trader and the following features appeared to be relevant:
- Limited liability: in the case of Oolong's bankruptcy, Mr Chan and his fellow shareholders would not lose their personal assets only their investment in the business.
 - The company would have continuity: if Mr Chan (83) died suddenly then the company would continue.
 - The company would have separate legal identity: Oolong Foods could acquire and dispose of property, and sue and be sued in its own name.
 - The original owner would still be able to maintain control: the law allows for a sole director so Mr Chan could still maintain his personal control over the business.

Question 2

- (a) Oolong Foods did not have an organisation chart. This task called for four purposes of an organisation chart. Candidates tackled this task quite well and the more obvious choices were: setting and achieving targets; distributing work; monitoring performance of the company; indicating lines of authority and responsibility; showing channel(s) of communication; identifying objectives. All that was required here was the identity of a purpose with just a sentence of support.
- (b) Oolong Foods was a centralised business. Candidates were asked to identify and discuss one advantage and one disadvantage of Mr Chan's business being centralised. This was a familiar task and candidates were able to earn reasonable marks although the general lack of context meant that few earned full marks.

The main point of advantage expressed by candidates was that Mr Chan's decisions were taken more quickly than had he consulted his staff and that his policies could be applied consistently throughout Oolong Foods. More refined answers made the points that conformity helped to maintain the image and reputation of the company.

In identifying the disadvantage, most candidates chose to explain how centralisation tended to remove the initiative and input from managers (who were all family members and the situation only increased their frustration). It was further claimed that centralisation increased the volume of communication between managers and Mr Chan.

- (c) Mr Chan's leadership style was considered to be authoritarian. An explanation was required of what was meant by an authoritarian style of leadership. This task was not undertaken very well largely because most candidates treated it as a repeat of the foregoing task. The emphasis was very much on Mr Chan's control and need to make quick decisions. However, the approach required was an explanation not only of Mr Chan's need to keep a tight control of information and decision-making but of the implication that he had a general lack of confidence in his staff to make appropriate decisions.

Question 3

- (a) There were three specific expectations that Mr Chan had of his employees. Candidates had the task of discussing each one.
- (i) The first was effective and efficient work. Surprisingly this task was not well done as most repeated the terms efficient and effective without really attempting either interpretation or adequate application. It was evident that the terms were not fully understood i.e. effective meant to produce the desired results and efficient was equal to competence. Generally the argument offered was that staff should complete their work on time omitting to recognise that good timekeeping, appropriate handling of customers, tidiness of sales/storage areas, minimal leakage re stock/money, and good stock rotation were all part of the equation.

- (ii) The second expectation was the willingness to undertake any work reasonably asked of them. This task was rather weakly attempted and few answers got beyond either a reorganisation of the task or a recognition that employees needed to be cooperative. An answer could have been refined by reference to work ethic, attitude, multi-tasking, and being part of a team.
 - (iii) The third and last expectation was the acceptance of Mr Chan's code of conduct. The understanding of the code was not very strong and mostly reference was made to dress and customer service. An essential point was that Mr Chan expected his staff to carry out their duties in a way that positively affected the company image and reputation. The code also covered personal hygiene and manners.
- (b) Mr Chan refused to put anyone on a permanent contract and his managers were employed on one-year fixed term renewable contracts. Candidates were asked to explain a one-year fixed-term renewable contract and suggest one benefit to Mr Chan's business of employing senior managers in this way.

The explanation was straightforward and most candidates clearly understood that it was an employment contract which ran for the specific fixed term of one year. Good answers pointed out that a contracted employee was treated as permanent in respect of benefits and pay and that satisfactory work meant a renewal of the contract.

Generally the benefit was better treated than the explanation and it was acknowledged that if a manager did not perform well, Mr Chan didn't have to renew the contract. Oolong Foods also benefited as the contract acted as an incentive for managers to achieve the company's targets.

- (c) Oolong Foods made wide use of computer technology. Two ways were asked for in which computer technology was likely to be used in the business. This task proved easy in that candidates could identify appropriate ways but some candidates did not offer clarification or explanation. Each way only needed a sentence in support. Examples of computer usage included cash and credit transactions, financial records, payroll, personnel records, ordering of stock, stock control, and communications.

Question 4

- (a) Every business is affected by PEST or external factors that influence its activity. Candidates had to explain how Oolong Foods might be affected by three such factors:
- (i) The first was competition. Weaker candidates tended to define competition without really explaining its impact on Oolong Foods. However, the better answers explained that competition could encourage Mr Chan to introduce new products and/or services and, in any case, to review his policies. The Oolong Foods business was in a very competitive market and that affected costs, prices and target markets. If Mr Chan had not got the experience to cope with competition, his business could have been forced out of the market or suffered a reduction in profitability.
 - (ii) The next was disposable income. Mostly candidates explained this was the amount a salary/wage earner had left after all deductions and expenses i.e. money free of all commitment to be spent as an individual wished. There were, however, instances where candidates saw disposable income as the amount a company had left over. The essential point here was to apply the definition to Oolong Foods i.e. if consumers had sufficient disposable income to spend in Mr Chan's shops then they would, perhaps, purchase the more expensive luxury and/or impulse lines. If economic conditions were in decline then people would buy only essentials and that would affect Mr Chan's turnover and profit.
 - (iii) The third and last was government policies towards business. This task was not well done in the main. Either a list of issues was offered or weak consideration of, say, taxation. The point that would interest Mr Chan was the government's basic attitude towards business: Did it seek to encourage enterprise? Did it have measures to control inflation? Did it use company taxation to encourage, for example, training and the updating of computer systems? etc. Candidates needed to demonstrate that they understood how government might affect business.

- (b) Mr Chan is the chairman of a trade association. The tasks called for an explanation of what a trade association was and how Mr Chan benefited from his membership of it. This task proved to be a disappointment as the majority of the candidates clearly thought that a trade association was some kind of wholesale buying group or import/export agency instead of being an organisation representing an industry or, as in this case, the grocery trade. The association would lobby Government, express opinions, formulate policies, undertake research, provide information and help regulate its trade. Mr Chan (like the other members) benefited because he received information and advice, had access to Ministers and officials, and enjoyed general support from the association.
- (c) This task involved the identification of two factors which influenced the location of Oolong Food's supermarkets. It was a straightforward location issue with some clear clues in the text. The task specifically mentioned supermarkets and yet many answers dealt with the out-of-town location of Mr Chan's warehouse. Candidates were not required to rehearse their general knowledge of location but to suggest likely factors influencing Mr Chan's choices of location. Several reasonable choices could have been made from these examples: access to markets i.e. customers, availability of staff, occupancy costs, planning permission, availability and suitability of sites.

Question 5

- (a) Candidates were asked to explain two of Oolong Foods' marketing objectives.
- (i) The first marketing objective was to operate a successful marketing mix. Candidates were not required to offer a detailed breakdown of the 4Ps although some reference was clearly required and, indeed, the clues were in the text. The essential point to have made was that all the appropriate factors came together to make shopping at Oolong Foods pleasant and the company's turnover was ample evidence of that. A lot of responses tended to focus entirely on the 4Ps but, instead of dealing with them in context, they were described in general terms. Mr Chan's price was above average but represented good value for money and his products were recognised as being of high quality. As far as promotion was concerned, candidates could have assumed good in-store promotion and appropriate advertising. The place was met by well run and attractive supermarkets.
- (ii) The second marketing objective was to achieve and maintain a targeted market share. This task was not tackled particularly well and some candidates seemed confused about the meaning of market share. Mr Chan's targeting represented a deliberate 'attack' on a market, or a segment, in an effort to achieve an acceptable degree of penetration which would have been measured by turnover. Calculating and then achieving market share would have indicated to Mr Chan where he stood in relation to the market as a whole.
- (b) Mr Chan believed that his customers were his main resource and candidates were asked to explain what he meant by that. Put quite simply, without clients there would have been no business and most candidates appreciated that point but without explaining how important they really were i.e. customers meant employment, business, earnings, profit, success and, therefore, had to be treated with respect. Customers were important stakeholders.
- (c) (i) This called for an explanation of the importance to Oolong Foods of a customer service policy. Candidates tended to reiterate the point about customers being the main resource and suggested that the policy had as its aim the development of customer loyalty and further business. All too often explanations lacked the refinement of suggesting that the policy dealt with a customer's experience of shopping at Oolong Foods which included, for example, employee behaviour, how well employees were trained, guarantees, handling of complaints.
- (ii) The final task asked for a list of four likely features of Mr Chan's customer service policy. Candidates were only required to list the features. Some gave explanations but they did not affect the allocation of marks. This was not a difficult exercise and mostly candidates identified appropriate features like: replacement of poor quality or faulty stock, refunds, handling complaints, customer advice, free delivery for the elderly and disabled customers.

BUSINESS ADVANCED LEVEL AND OFFICE ADMINISTRATION ADVANCED LEVEL

Paper 8929/5176
Interpersonal Business Skills

General comments

A very small number of candidates entered assignments under this module.

A general weakness was the self-evaluation section when candidates were brief in their comments and failed to follow the advice given in the Assignment Cover Sheet.

Some candidates were not successful and a number of weaknesses, as shown below, contributed to these.

- A failure to include a teacher observation statement where the candidate had made a presentation or led a discussion.
- The bibliography was weak and/or not cross-referenced to the text of the assignment.
- The candidate did not evidence the topic 'assertiveness', and where this was not appropriate, a comment indicating an understanding, had not been made in the text.
- Copies of PowerPoint slides were included in the appendices section but no captions or notes about their use had been included.
- Some candidates failed to include a report of the Reference Group activity.
- Although most candidates presented their work with a good business-like layout others were confused about what should be included in the appendices section. Advice should be sought from tutors in these circumstances.

BUSINESS ADVANCED LEVEL

Paper 8929/5177
Business Start-up

General comments

This was a popular module this year. Overall, some very good submissions were received and these were well laid out and presented. Many candidates chose to use the Assignment Cover Sheets with success, and the detail included was useful to the candidate, tutor and Examiner.

Some candidates were not successful and the following weaknesses were shown in many of these assignments.

- The layout of some assignments did not follow normal conventions. Some contents pages were not business-like, page numbering was omitted, charts did not have proper titles, the action plan or check list was not apparent, page numbering did not correspond with the Assignment Cover Sheet and there was no clear business plan.
- Reference sources were not mentioned.
- Self-evaluation was either omitted or very weak. Sometimes self-evaluation was confused with the 'conclusion' of the assignment. The strengths and weaknesses of the assignment were not discussed.
- The evidence of some objectives was weak and in some cases not demonstrated. This is a mandatory element of the module whereby all the required objective criteria must be included in the candidates' work.
- Some candidates spent a lot of time describing the financial elements of their submission to the detriment of the action/business plan and how it would be used.

BUSINESS ADVANCED LEVEL AND OFFICE ADMINISTRATION ADVANCED LEVEL

Paper 8929/5178
Customer Care

General comments

The majority of assignments submitted were of good quality, set out in a business like style and well presented for marking. As with other modules, the use of graphics was helpful in describing the research carried out and gave a clear indication of the results obtained.

Candidates who used the Assignment Cover Sheets were certain that their assignments were complete and ready for submitting for marking. The use of these sheets is highly recommended.

A number of weaknesses contributed to poor assignments. These and other comments are listed below.

- The use of reference sources was weak. These could be listed as a bibliography or included in appropriate sections of the assignment.
- Self-evaluation was weak and written in the 'third person' as opposed to the 'first'.
- Comments on regional/cultural differences in customer care could have been discussed with greater depth.
- Although the layout was appropriate a number of sections in the assignment could have been extended to demonstrate the candidate's knowledge and understanding of customer care.
- The Assignment Cover Sheet was not complete and in one instance the page numbering used did not match the assignment numbering or the contents page.
- The teacher failed to check that the assignment had the appropriate layout; chapters were in the wrong order and page numbering was vague.
- An assignment had the wrong cover added and the Assignment Cover Sheet referred to another module.
- The candidate had not demonstrated all of the module objectives; this is mandatory for all modules.

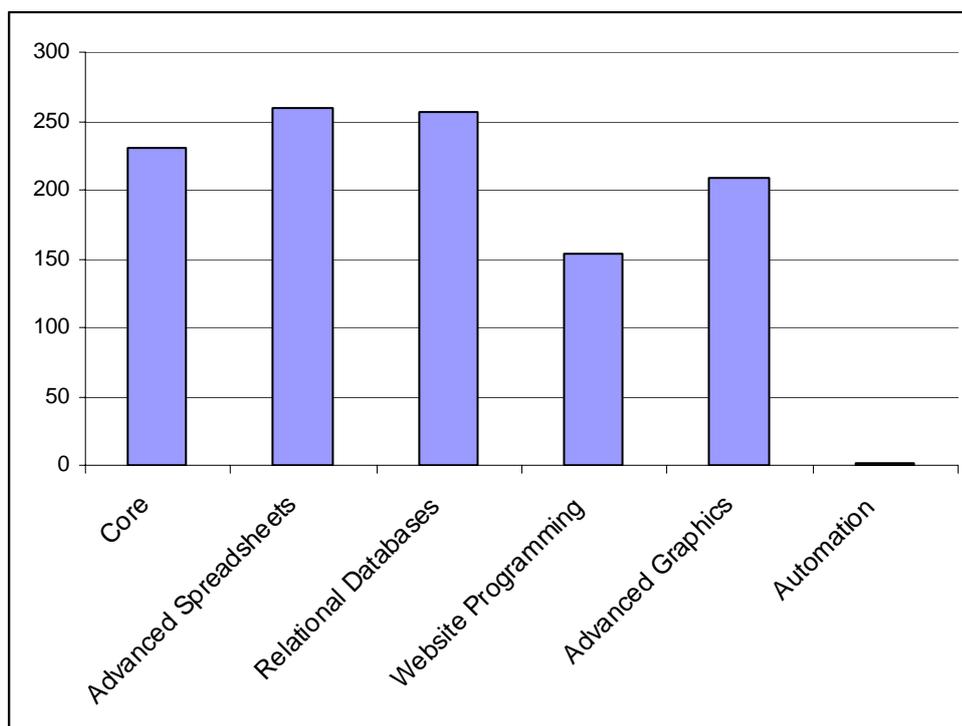
BUSINESS ADVANCED LEVEL AND ICT ADVANCED LEVEL

Paper 8929/5201

Information and Communications Technology and Core

Advanced Level

This level comprised a Core module and five enhancement modules.



There overall pass rate for these modules was very similar to last year's rate.

5201 Advanced Core

The most common errors were:

- Failure to submit all the required printouts, particularly the two different copies of the document production section. A significant number of candidates completed and printed the final version of the document but failed to submit the intermediate printout of their work.
- Failure to understand the generic terms serif, and sans-serif. Many candidates tried to locate these as font styles rather than understanding that fonts such as Times New Roman contain short strokes or serifs on each letter, and that sans-serif fonts do not contain these.
- Errors in searching and sorting the database extract (particularly in maintaining the data integrity).
- Errors in page layout with the failure to set margins or column widths as specified.
- Errors inserting new text into a numbered list and renumbering as specified in the question paper.

BUSINESS ADVANCED LEVEL AND OFFICE ADMINISTRATION ADVANCED LEVEL

**Paper 8929/5247
Organising Meetings and Events**

The overall performance was very good; candidates were well prepared and correctly organised an event, as required. They produced reports detailing how they had organised their events and the documentation and methods of communication they had produced and used.

COMMENTS ON THE WORK OF CANDIDATES

Most of the candidates produced reports that were detailed and well presented. The documentation produced was of a high standard. Copies of letters, emails, agendas, notices of meetings, minutes etc. (where meetings were held as part of the organisation of the event), invitations, venue brochures, name cards, banners, notices and transcripts of face-to-face and telephone conversations were submitted.

The selection and use of effective monitoring aids such as checklists, diaries, work schedules, etc. as a means of effective and efficient event planning was fully described.