BUSINESS ORGANISATION AND ENVIRONMENT

Paper 5161/01
Standard

General comments

The standard of difficulty of this examination was no different to its predecessors. The structure of the examination continued the change signalled in the May 2005 paper i.e. candidates were offered a number of short tasks calling for crisp and succinct answers that cover the knowledge and application required – as is appropriate at Standard Level.

Since most of the candidates undertook the examination in a second language incorrect spelling and grammatical errors were ignored in favour of the quality of their responses. The demonstration of business knowledge and, where required, the evidence of reasoning were considered more important than the quality of language. *Teachers must reassure candidates that this is always the case.* However, it must be equally understood that poorly expressed answers, especially those expecting the Examiner to guess the meaning, will not be very well rewarded.

This examination paper was based on the fictitious art dealership called 'New Art'. It was a partnership between Abdul Kadir Latif and a sleeping partner. The business operated from permanent galleries in London and New York and specialised in the work of unknown artists. The business had an annual turnover of $10 m and its structure and mode of operation were uncomplicated.

Teachers are requested to pay specific attention to the following issues when preparing their candidates for the examinations:

- Candidates must ensure that they understand what the Examiner wants them to do. *This means they must read the Examiner's instructions very carefully.* All too often candidates fail to earn good marks simply because they either misread or fail to comprehend a task.

- Candidates are given 15 minutes' reading time prior to the examination in order to become acquainted with both the case study and the tasks. It is appreciated that an examination is a pressured experience but teachers need to encourage candidates not to panic because of the time constraint.

- There is still a significant minority of candidates who, despite being asked for, say, one benefit or two features, will *offer more* than is required. This is a poor use of examination time.

- Mostly, the tasks ask candidates to *describe* or *explain* and a typical problem is that candidates do not offer satisfactory descriptions or explanations. A number of answers were limited not because of any specific weakness in knowledge but rather because the explanations lacked substance. A description or explanation does *not* require a bullet-point answer; although the essential points are rewarded but the candidate is likely to be denied access to full marks.

- The whole point of having a case study is to expect candidates' responses to be made in the *appropriate context*. Some tasks test general business knowledge but, mostly, they are related to issues in the case study and should be answered accordingly. Marks may be lost if context is overlooked.

- Clearly some candidates are not earning the level of marks they would otherwise deserve. *Examination technique must always be a matter of concern and teachers are advised to give it full attention when preparing candidates for the examinations.*

Comments on specific tasks

Task 1

(a) 'New Art' was a partnership between Abdul Latif and a sleeping partner. Candidates were asked to explain what a 'sleeping partner' was and mostly the task was well answered. Two points were particularly looked for: that the sleeping partner *contributed capital* but *took no active role* within the partnership. The better candidates explained that it was possible, although not usual, for the sleeping partner to have limited liability.

(b) The business relied on two sources of finance - *retained profits* and the *overdraft.* Candidates were asked to describe them both and mostly they readily demonstrated adequate knowledge and understanding. The main points looked for were:

(i) *retained profits*: it was a source of internal finance that could be used to support renewal and expansion;

(ii) *overdraft*: this was essential even for a successful business as cash-flow may be subject to peaks and troughs.

(c) Candidates were asked to identify and explain three business objectives of 'New Art'. Two were specifically mentioned in the text, namely *making a profit* and *client satisfaction*, and a third was clearly implied – *support for unknown artists*. The key to good marks in this task lay in the explanation. 4 marks were allocated to each of the three points and a good candidate ought to have earned at least 8 marks overall. 1 or 2 marks were allocated to the identity of an objective but access to 3 or 4 marks was based on the explanation in context. Apart from the three objectives mentioned above, candidates could have chosen from: provision of employment, increase in sales revenue, achieving a satisfactory share of the art market.

Task 2

(a) A definition of stakeholder was called for along with two examples of 'New Art' stakeholders. Candidates needed to recognise that a stakeholder can be an individual, a group of people, or an organisation so long as a direct or vested interest in the business can be identified. Candidates needed to identify the key point, namely the *direct interest*. Generally the definition was well written. It was only necessary to list or mention the two examples of stakeholders but so many candidates chose to write quite full descriptions. The rubric said '….identify only two stakeholders…' and did not call for any explanation. A lot of valuable examination time was wasted in providing anything more than just two brief references from interested parties like the artists, banker, employees, sleeping partner, clients.

(b) Abdul said he was responsible for target setting and candidates were asked to explain what he meant. This was not handled very well and most responses did not contain specific reference to the requirement to set, for example, realistic employee performance, budgetary, cash flow, and sales targets. Candidates recognised that Abdul was very much in charge of the business and so would be accountable.

(c) This task asked for one advantage and one disadvantage of a centralised business structure. It was clear from the case study that 'New Art' was organised as a centralised business with Abdul very much in charge of the entire operation. Candidates were expected to offer their comments in context and avoid a more generalised approach.

(i) An *advantage* could have been drawn from the familiar points of consistency of policies, the maintenance of reputation, the maintenance of Abdul's control and direction, the (assumed) speed of decision making, or that the nature of the art business demanded Abdul's personal touch. Mostly the responses dealt with decision-making and control.

(ii) A *disadvantage* could have been taken from an equally familiar set of points with reference to how staff were discouraged from participation and achieving job satisfaction, how those with responsibility were likely to be demoralised because initiative was stifled, and (this proved to be quite a 'popular' choice) that centralisation imposed more responsibility and stress on Abdul which was not good for the business.

Task 3

(a) Candidates were asked to define the term 'casual staff' and to suggest one benefit to 'New Art' of employing casual staff. It was not universally appreciated that a casual employee could be either temporarily full- or part-time but that s/he was not of necessity part-time (or even unskilled, as was often suggested). A casual employee might even be self-employed. The point required was that casual staff were taken on as and when required and might not receive any of the usual staff advantages. The benefit was better understood and candidates rightly pointed out that Abdul had few obligations towards casual staff and that Abdul could expand his workforce temporarily without incurring the larger employment costs attributable to permanent staff.

(b) An explanation of a one-year fixed-term renewable contract was asked for along with one benefit to 'New Art' of employing the art buyers on such a contractual basis. The term was not well enough understood or appreciated and some candidates thought that *clients* were on contract to Abdul. A simple comment was required which merely stated that it was an employment contract which ran for a specific term and expired at the end of that period. The employee on the contract could be treated as permanent in respect of benefits and salary. The main benefit to Abdul of employing the art buyers this way is that, if they wanted to continue with 'New Art', they had an incentive to achieve their targets. Equally, any buyer whose performance was not acceptable would not be offered employment after the year was up.

(c) This was a familiar task and candidates were asked to explain three expectations that Abdul might have of his employees. Although three expectations were required there was still a significant minority of candidates who offered more. Likely expectations included the ability to work with artists and clients, self-reliance, market judgement, abiding by the company code of conduct, and keeping up to date with the trends in the art market. 1 mark was awarded for a mention but a well written answer *in context* could earn 3 or 4. The better candidates were able to respond well by relating to the case study.

Task 4

(a) This two-part task focused on the influence of external factors on a business i.e. PEST factors. This subject area has been included in every advanced examination paper and yet most candidates tend not tackle it with any significant degree of understanding. It was an unsuccessful task earning low, and sometimes no, marks.

(i) *Trade Cycle*: the common interpretation was that it meant the *product cycle* rather than the economic cycle of boom to slump and then recovery. A deep economic knowledge was neither expected nor required but candidates needed to demonstrate they understand that a business like 'New Art' would be affected in some way by prevailing economic conditions. In boom times people have spare cash and are willing to invest in art whereas in times of slump they tend to be cautious with their money. The turnover of 'New Art' would reflect the trade cycle.

(ii) *Distribution of income*: this element was mostly seen in terms of the wages and salaries paid to the staff of 'New Art'. Very few candidates understood that it was about the spread of income earned by different segments of people. The better responses acknowledged that as economic conditions in a country improve so people would have access to higher incomes and so would be able to spend on art. Some candidates pointed out that taxation could have an effect on the distribution of income.

(b) This was the one task which demanded an extended response. An essay was not expected but it was hoped that candidates would use the case study to good effect and offer full explanations as to why 'New Art' *located* its galleries in London and New York and held annual exhibitions in major international cities. Candidates were expected to respond in context and not rehearse the reasons for location generally associated with the industrial model. The main points which should have emerged included, for example: major cities tend to be areas of wealth and disposable income so potentially they have larger art buying markets; there are more corporate clients who are likely to invest; there is more cultural activity generally in major cities; it can be assumed that there is a better supply of suitably skilled, trained and knowledgeable staff in the cities; and there is likely to be a bigger pool of suppliers i.e. the artists. A sophisticated answer was not looked for but candidates were expected to read the case study and draw appropriate conclusions. 10 marks had been allocated to this task but only a few candidates were awarded more than 5 i.e. half marks.

Task 5

(a) Candidates were required to explain the term *'profile of a customer'* and then to suggest why it was important to the business. The customer profile contained the characteristics of clients in terms of age, gender, buying power, income, class and taste in art. It was not necessary to include all these factors so long as candidates indicated knowledge. Mostly the profile was explained quite well but whilst candidates explained the importance in terms of Abdul's ability to advise clients they did not emphasise its role as a marketing tool.

(b) This task was not very successful largely because candidates did not interpret the rubric satisfactorily. Candidates were asked to explain what determines the retail price of a piece of artwork *in relation to 'New Art'*. Many responses were more suitable to **Question 5(c)** because they discussed client preference and future values but the clues were in the text (lines 28-29). A large number of candidates merely copied out the appropriate line from the case study for which only 1 or 2 marks were given. What was looked for here, for 3 or 4 marks, was a statement which contained such factors as gallery costs, the original price paid to the artist, buying costs like handling, packaging and transportation charges, and employment costs. The handling of this task was generally quite weak.

(c) Most candidates did not really use the case study to full effect when responding to this task. There was some focus on obvious points but few in-depth explanations. In many cases the reference to *product* and *price* triggered a rehearsal of the 4Ps. Candidates were asked to explain why the art market was dictated by product, price and quality and, in a sense, the task was about a form of marketing mix but responses needed to be very much in context. Three explanations were required with each earning up to 4 marks. Briefly, the product needed to have been explained in terms of the nature and potential of the artwork (product), the recognition of 'good work', evidence of skill and style (quality), and potential future value, clients' willingness to invest (price).

EFFECTIVE BUSINESS COMMUNICATION

Paper 5162/01
Business Standard Level

General comments

The standard of performance within the 5162 series was somewhat disappointing in some respects. Although this is a standard level paper, the answers tended to be very basic and lacked any depth or breadth of discussion. The over-use of bullet points ultimately impacts upon the quality of the answer and the quality of the marks.

The number of marginal scripts appeared to be quite high, which is indicative of some of the issues given above.

Time management appeared to be problematic, particularly towards the end of the paper, which may indicate lack of examination practice and technique and that candidates clearly are not used to working under examination conditions. This is ultimately problematic in that is impacts on the time available to respond to all the tasks and therefore the number of marks a candidate can gain.

A final problem which was quite worrying was the number of candidates who seemed unable to attempt all of the tasks and only gained a few marks. Immediately this happens, a candidate is losing their ability to acquire maximum marks and the success associated with high levels of achievement.

With the number of CIE resources available to Centres, candidates should be prepared to the highest of standards, to avoid this situation arising in the future.

Comments on specific tasks

Section A

Task 1

(a) The first task on the paper required candidates to explain the three most important issues which need to be considered when deciding on the best methods of communication. The answers to this task were very mixed, and tended to focus upon the target audience, timing and the cost of communications. However, good answers would have gone a step further to include the following:

- Considering the immediacy of the communications
- The importance of communications
- Need to consider electronic methods of communications
- Avoiding the use of jargon
- Communicating to a group as opposed to an individual.

Because many answers tended to be quite basic, candidates were unable to achieve high marks in relation to this task.

(b) (i) This task focused on being able to differentiate between one-way and two-way communications, something that generally candidates appeared to be able to deal with quite adequately, although there were obviously some weaknesses.

Good answers relating to one-way communication focused upon letters, memos, reports and emails.

Good answers relating to two-way communications focused upon meetings, quality circles, video conferencing, interview and general discussions.

Knowledge of this area is particularly important if a candidate it to fully understand the nature and scope of business communications.

(c) The final part of **Task 1** focused on the ways in which communications can be evaluated. This task met with a mixed response and candidates were not comfortable in answering this task. However, some candidates were able to identify issues such as availability, cost effectiveness, appropriateness etc.

There were few good answers overall. To assist in answering such tasks in the future, other issues in addition to the above answers should be included such as the motivational impact of communications, the ability to understand the message, i.e. the message content and time impact.

Task 2

(a) Letter and memo writing are standard features of 5162 Standard Level Effective Business Communication and this time around it was encouraging to see that some of the past issues raised in Examiner reports have been addressed.

Candidates responded quite well in the letter writing area, and seemed able to focus on the structure of the letter, ensuring there was a date, company logo and title reference to the letter, along with appropriate closure. The salutations and closing also seemed to be improved on previous occasions. The average mark overall for this task is around 8 out of 12, with some candidates excelling and achieving up to 10 and 11 out of 12 marks.

A good answer would have included:

- Logo/letter heading of the company
- Date
- Reference (number or title)
- Appropriate salutation Mr/Mrs
- The body and content of the letter – well developed and applied
- Appropriate closure
- Yours sincerely (not yours truly or your always)
- Signature and position

In order to maximise marks, candidates do need to try harder in developing the body and content of the letter, which is where candidates can improve on the marks gained.

(b) Writing a memo is standard practice for the 5162 Effective Business Communication paper, and as a result candidates did relatively well.

Candidates were very good at the overall structure, but generally very poor with the body of the memo. The body of the memo should have included information on the presentation, confirming the date of the presentation and stressing the importance of the presentation. In essence, giving some background and rationale to the situation is very important and expected in this examination. Instead, the memo often read like an invitation with minimum detail in it such as just four bullet points. This is not acceptable.

Good answers would include:

- Logo of the company
- Date
- Who the memo was relevant to i.e. internal staff
- Subject; presentation
- The body and content of the memo
- Appropriate closure
- Initials or signature only

The content and tone of the memo should be persuasive and impress upon staff how important this presentation is because it could lead to potential big business. The application of the content and details from the case study is very important to such tasks.

Task 3

(a) This task was designed to test a candidate's ability to develop, in practice, an agenda for a weekly team meeting. The task met with a mixed response. Some candidates tried very hard and gave a good and expanded agenda, taking into account not just standard issues such as agenda, title, date, time and venue of the meeting, but also taking into account key issues which may arise within a team meeting.

Good answers focused on all of the above, but also included reference to developing aims and objectives for meetings to ensure that they have clear purpose and rationale, and that the expected outcomes are achievable. They also included reference to further meeting planning and follow-up activities to ensure actions from the meeting are implemented. This level of input was encouraging and it is hoped that this trend continues.

(b) The second part of **Task 3** focused on the roles of formal and informal communications and how they influence the effectiveness of the workforce.

This task posed a number of challenges and the responses were generally very basic. The weaker candidates just differentiated between the two types of communications whilst good answers considered not just the roles of communications but the overall impact on the workforce.

As a result good answers recognised formal communications as:

- Official and specific
- Could be letters, reports, memos and presentations and will often include legal information

The effect on the work force included:

- Needs to be handled sensitively in a small company
- Can look to be impersonal if the tone is wrong or inappropriate
- Should give important information and praise
- Can be used to motivate staff if developed correctly

Good answers relating to information communications, concentrated mainly on the grapevine, but other answers should have been included such as:

- Verbal and non-verbal communications, grapevine and social communications
- Information communications can be used to motivate staff
- It should not be used to convey complex information; rather general and informal information

The affect on the work force should have included reference to:

- The workforce can feel less valued and less important as they are not communicated to in a formal way
- It can impact upon group culture in a positive and negative way – but negative feelings can evolve from informal communications
- The grapevine and social communications can be undermined by management.

It is important that these issues are understood and it was quite clear from the answers provided, that the knowledge was very basic and they did not understand the impact upon the individual and the group of employees.

Task 4

(a) Recruitment interviews are a core part of the Effective Business Communication paper and tasks given around this arise continuously. In the main a good overall standard of answer was given. Good answers often provided more than two purposes for a recruitment interview, even though only two were requested. However, only two of those purposes could be marked. Candidates seemed to elaborate appropriately for a four mark task.

Answers included:

- Identifying personal characteristics of the interviewee
- Assessing the interviewee's essential skills for the job
- Promoting the company to the interviewee
- Exploring the opportunities within the company and the fit of the person within that opportunity
- Assessing an interviewee's appearance and punctuality

(b) The second part of this task asked the candidate to prepare guidelines on planning for interviews. This is a standard type of task and many candidates did well, but there were only a few outstanding answers.

A good answer required candidates to not just list the key points relating to preparing interview guidelines, but also to analyse each of the stages of the interview process, discussing what the need was and how the need could be addressed. Candidates generally tended to give a list of bullet points with little elaboration, but the thrust of the answers was generally accurate.

In essence good answers would recognise the need for setting the aims and purpose of the interview, who should be present, what documents are necessary, the location, being aware of verbal and non-verbal behaviour, making the recruitment decision and appropriate feedback.

(c) Finally, candidates were asked to list three types of interviews which could be undertaken within a small company. Candidates did generally quite well in this, although the range of answers was quite narrow. This list is extensive but not exhaustive, and included:

- Performance appraisals
- Medical reviews
- Counselling interviews
- Grievance interviews
- Disciplinary interviews

Task 5

(a) Candidates were expected to prepare a table and present data over two periods for 2005 only, using the information in the case study. Many candidates were successful in their attempts and scored highly. However, there were some candidates who failed to present the information as required and failed to gain the necessary marks.

Whilst the statistical interpretation was generally fine, candidates did not appear to take into account the need for proper shading and labelling of tables, and without such information reading the graph was more difficult and it could be considered incomplete.

It is important to ensure when preparing graphs that the correct aid is used, correct value plotted, correct areas shaded and the chart is correctly labelled. Any one of these factors excluded from a candidate answer means the loss of two marks for each point, thus reducing overall success.

(b) The second part of the task focused on listing three issues that needed to be considered when producing data as a visual aid. Many candidates began to run out of time, so answers were often incomplete or difficult to read. A good answer should have included:

- Analysis of the audience to whom the information is to be presented

- The importance of keeping data simple, uncomplicated and easy to read
- Labelling information correctly
- Providing key heading and labels
- Using shading were appropriate

Those candidates who were successful should have been able to interpret the work they did in **Task 5 (a)** and translate it into **Task 5 (b)**, but many did not make that link, the result being somewhat disappointing.

(c) In the final part of the paper candidates were briefly asked to explain pie charts and line graphs. Those who actually finished this task did so quite weakly and gave bullet point answers without elaboration, which were extremely brief. Had candidates completed this task properly, good answers should have included:

- Pie charts – circular diagrams which are useful for showing the composition of data, with segments demonstrating the relative values of the data.

- Line graphs are graphs that enable the plotting of a series of points joined together to form a straight or curved line, and are usually used to reflect a trend over a period of time. They could have demonstrated some similarity with bar charts, but suggesting that lines are used in stead of columns.

BUSINESS FINANCE

Paper 5163/01

Business Finance

General comments

It is pleasing to report that there appeared to be considerable improvement in the performance of the candidates who sat the May 2006 examination when compared to previous examination sessions. There appeared to fewer gaps in the knowledge of candidates. It was also evident that the candidates had managed their time better and as a result most candidates produced responses to all of the tasks on the examination paper.

However, Centres and candidates are once more reminded of the need to provide a formula when undertaking tasks that require a calculation, as a failure to do so can result in the loss of marks should the solution prove to be incorrect. Also Centres and candidates are reminded of the need for precision when defining terms as vague responses will only attract low marks.

Comments on specific tasks

Task 1

Generally the answers provided for the tasks (a) to (g) were satisfactory with many candidates achieving good marks for this task.

The answers to part **(a)** were the weakest as only a small minority of candidates were able to provide a reasoned argument that linked the increase in profits to a reduction in costs/expenses.

The answers to parts **(b)** to **(e)** were much more focused and as a result candidates scored higher marks.

Task2

Overall the responses to this task were rather disappointing.

The answers provided for part **(a)** often concentrated on the legal consequences of formation and ignored the financial consequences. As a result candidates were awarded only half of the marks available.

The answers provided for part **(b)** were slightly better but again there was a tendency for candidates to concentrate on explaining **why** depreciation should be undertaken whilst ignoring **how** depreciation takes place.

Task 3

Surprisingly the marks for this task were rather patchy.

The answers to part **(a)** were either very good, with full marks being awarded or they were very poor with responses that demonstrated confusion between what is a financial record and what constitutes a financial book of account. Centres are urged to address this issue as a matter of urgency.

The answers provided for parts **(b)** and **(c)** were much more focused and therefore candidates achieved better results.

Task 4

Overall the responses to this task were satisfactory with the majority of candidates able to produce a reasonable attempt at the P&L Account. The answers provided for part **(b)** were somewhat weaker and many candidates lost marks as a result of not providing the correct formula showing how they were going to calculate the percentage mark-up.

Task 5

The answers provided by the majority of candidates were satisfactory, with several candidates scoring high marks.

It was particularly pleasing to see that candidates were able to provide satisfactory answers to parts **(b)** and **(c)**, as this topic had been answered badly in previous examination. Centres are to be congratulated for their efforts in improving the candidates' responses.

MARKETING

Paper 5164/01

Standard

General comments

It was pleasing to see that many Centres demonstrated good overall performance this session, and it was very pleasing to see a few candidates showing a very clear understanding of marketing at this level. Unfortunately, a few Centres still suffered from poor exam technique and/or lack of depth of answers as reported in previous sessions. Specific syllabus content areas are covered in the section on questions below.

Examination techniques could still be improved in the following areas –

1. *Reading the question carefully*. In some cases, although the question required an explanation, many candidates simply listed the items requested. Centres are encouraged to give candidates practice in answering questions from previous papers to help them to understand the requirements of the questions set.

2. *Poor time management*. This continues to be a common mistake. Candidates who fall into this category often spend too much time on a question, or part of a question, with which they are comfortable, leaving not enough time to complete all remaining questions. Candidates should note the allocation of marks to each question as this is an indicator of the type or level of response required by the task.

Comments on specific tasks

Task 1

Many candidates confused parts **(b)** and **(c)** of this question – one required the purpose of marketing – why it is done, and the second required the benefits of market orientation – putting the customer at the centre of the business.

(a) This part of the question was generally done well and did not cause too many problems.

(b) There were many acceptable answers to this part of the question and many candidates were able to explain that marketing helps to understand and respond to changing customer needs or to enter new markets.

(c) Unfortunately many candidates simply repeated what they had put in part **(b)**. Only a few recognised marketing orientation as putting the customer at the centre of an organisation's activities and encouraging all employees to focus on the customer. The advantages of this are that good customers are retained and their loyalty is built which encourages them to promote the company for you.

Task 2

(a) This part of the question was generally done very well with many candidates explaining the benefits to be achieved by Auctions Online.

(b) This part was also generally done very well, although in terms of the differences many simply described the two methods rather than comparing them.

(c) This part of the question required candidates to explain three methods, primary or secondary, that would be suitable for Auctions Online. Some candidates used the Case Study material and suggested email and/or online questionnaires plus observation of online behaviour. This was excellent. Candidates should be encouraged to refer to the Case Study in their response to tasks.

Task 3

It was pleasing to see that this question was handled well by most candidates and that most were able to obtain good marks for the first section on the marketing research process.

(a) This part of the question was done well by most candidates and many gained very high marks.

(b) (i) Suitable definitions of segmentation were put forward by most who answered this question.

(ii) It was pleasing to see that many were able to identify and describe three methods of segmenting consumer behaviour. Unfortunately few managed to link this to the Case Study. Candidates who link their response to the Case Study show that they are able to apply specific skills and knowledge to a given situation.

Task 4

This question required candidates to explain what happens at several stages of the marketing planning process. This has been examined in different ways on all previous papers and yet this time appeared to pose problems for candidates in at least parts **(a)** and **(e)**.

(a) Many candidates missed this section of the question which was looking for an explanation of the analysis of the external environment for an organisation – PEST factors.

(b) SWOT analysis was usually described well, although full marks were only given to those who recognised that it summarises the marketing audit.

(c) Most could explain what a SMART objective was, although an example suitable for Auctions Online would have added marks.

(d) Many candidates described segmentation but the question asked what happens at this stage, and only a few took this approach.

(e) This section was disappointing. Most could describe the mix, but few explained how it was implemented or the importance of monitoring progress.

Task 5

This question focused on the fact that Auctions Online offers a service. It looked at the 7P marketing mix.

(a) There were some very good answers to this section of the question. Marks were given when ‘product’ described the products sold through auction but some candidates recognised the fact that Auctions Online actually offer a service to the people looking to sell their products.

(b) Although most could identify which three Ps were required, few were able to explain why it was important for Auctions Online to use these Ps. This was related to the characteristics of services and how they differ from tangible products.

HUMAN RESOURCE MANAGEMENT

Paper 5165/01

HRM

General comments

It remains a concern that after a number of years of the present format candidates still do not understand what is required to gain marks on this paper.

Part **(a)** always requires a **list** of items or terms. At the very most four sentences would be required. This is indicated by the task and the mark allocation. Those candidates who insist upon writing a full paragraph or more are wasting a considerable amount of time.

Part **(b)** of the question requires two slightly longer answers, often linked to part **(a)**. Two short paragraphs are sufficient.

Part **(c)** does require an extended answer, explaining in some detail the topic listed or the situation highlighted. Frequently candidates spend so much time on the lower mark questions in parts **(a)** and **(b)**, that they have insufficient time to answer part **(c)** correctly.

Two further points worth mentioning are the fact that the case study is written to provide many of the answers required and that **all** of the answers should refer to the case study material.

Comments on specific questions

Question 1

This remains the part of the syllabus that the candidates find the most difficult OR that part which is covered in the least depth.

(a) Many candidates ignored the case study and listed fringe benefits, shift allowance etc. The answers were to be found in the case study.

(b) Many candidates are confused about centralised systems and read this as authoritarian. Other candidates decided to explain all of the systems that they know and did not relate this to the case study.

(c) The majority of candidates chose to ignore the request to 'explain' and simply treated this as a 'yes/no' answer. The opportunity existed here for candidates to gain marks by explaining in some depth how the company had and had not fulfilled its purpose. An opportunity missed for a vast majority of candidates.

Question 2

This question highlighted the need to use the terminology contained in the syllabus when teaching certain topics. Preferably candidates should be given copies of the syllabus for their information and revision.

(a) Very few candidates understood the term 'legal environment' despite the fact that it is specifically quoted in the syllabus and in the case study where four examples are given.

(b) Trade Unions are always a topic that is well taught and comprehensively understood by almost all candidates. The answers to this part of the question were often very good.

(c) Candidates found this part of the question very difficult. Many resorted to stereotypical views of young/old worker and female workers. The make up of the local workforce is a very important issue for all companies and one which should be taught in more detail.

Question 3

This is a part of the syllabus that is well taught by almost all centres and is clearly understood by the candidates. Many candidates received their highest marks for this question.

(a) Generally well answered but some confusion exists between legal contracts and ways of organising work.

(b) Well answered even by those candidates who were confused in part **(a)** between ways of organising work and contracts.

(c) This part of the question was well answered but candidates are still confused between recruitment and selection. Many candidates simply covered everything to ensure that the question was answered. Candidates need to be aware of where the divide between recruitment and selection actually exists.

Question 4

This part of the syllabus is also generally well taught by almost all Centres and is clearly understood by the candidates, however certain aspects appear to be emphasised, such as appraisal, with the result that appraisal is always included no matter what the question.

(a) The same comment applies to this question as that made for **3(a)**. This is an issue that Centres need to concentrate upon.

(b) Generally this was well answered although the majority concentrated upon conflict resolution. Those answers that included improvements in communication tended to be weak, using examples such as notice boards.

(c) This question was clearly directing candidates to explain the use of standards and targets but the majority of candidates chose to explain the appraisal process in great detail.

Question 5

A favourite topic area for candidates, this question was generally well answered and in many cases was the first question answered. Some confusion still exists between fringe benefits and payment.

(a) Well answered but candidates must remember that extra money is not a fringe benefit, since these benefits tend to be non-monetary items.

(b) Candidates found this part of the question very straightforward and provided some very good answers.

(c) A great variation of answers was produced for this part of the question. The answer was clearly contained in the case study but many candidates chose to use motivation theories that are not contained within the syllabus. The alternate approach was to discuss the payment method used that could motivate the workers.