# EFFECTIVE BUSINESS COMMUNICATIO[N]



**Paper 5172/01**

**Business Advanced Level**

**General comments**

The standard of performance was generally good, but with only a few exceptional scripts being presented. Candidates appeared to grasp the basis of the tasks and were able to provide some sound, well structured and detailed answers. However, the majority of candidates were scoring in the bottom to mid-range marks, with fairly basic answers. These answers were generally brief, often in bullet point format, and tended to lack application of the case study, except in the more obvious tasks such as writing a letter.

As has been mentioned in previous reports, time management continues to be an issue as the candidates run out of time during the final task. The task is often incomplete, and sadly candidates cannot maximise the potential to acquire full marks. In addition to this, the writing in task five tends to become illegible and difficult to read. Examiners can only mark work which is clear and legible.

The presentation of material was quite variable, with some candidates really making an effort to present materials in a well structured and meaningful way, whilst others paid little attention to presentation detail. As a business communications paper, presentation is essential and candidates should be mindful of this when writing their papers.

A final and more worrying trend was the number of virtually blank scripts. This was evident in only a few Centres where candidates either barely attempted the tasks or did not attempt them at all. It is very important that candidates are fully prepared for their examinations and that Centres utilise the resources offered by CIE for such preparation.

**Comments on specific tasks**

***Section A***

**Task 1**

**(a)** The focus of this task followed a recurring theme which is to consider stakeholder communication and, for this session in particular, external communications. The aim was to consider the role of external communications to all stakeholders responsible for marketing the new product.

This task drew some interesting responses, many along the right lines, but some missed the point. Good answers pointed to awareness raising of the product and being able to segment customers to utilise more targeted forms of business communication to reach them. However, few candidates applied the typical model of communications such as ‘sender, message, medium, receiver, noise’. Instead, many focused on advertising in some areas.

**(b)** This task required candidates to explain characteristics of verbal and non-verbal communications. This task should have been relatively straightforward. However, some candidates still seem to refer to non-verbal communication as ‘written communication’. Indeed this is incorrect. By ‘non-verbal’ communication we mean body language, facial expressions and posture for example. It is important that the differentiation is made.

Good answers would have referenced ‘kinetics’ in particular for non-verbal communication, and would have identified the use of face-to-face communications such as interviews, meetings and general conversations for verbal communication.

Ultimately, good answers would also have demonstrated some application in terms of the sales representatives and how they should communicate more effectively.

**(c)** In the final part of **Task 1** candidate’s were expected to identify four key problems EPS could face because of poor communications. The answers to this task were generally adequate and encouraging as candidates were able to link poor communications with poor business performance. This was extremely encouraging overall. However, some candidates did manage to misinterpret the demands of this task and thought they were required to identify specific problems that might arise due to communication problems, and tended to then provide answers of a more technical nature, reflecting the theme of the case study and the company concerned.

**Task 2**

**(a)** This task was very straight forward in the main, and many candidates were able to respond to the task quite comfortably. However, answers mainly consisted of the use of bullet point answers and little elaboration. These answers, in particular, appeared to be regurgitated theory and were rarely applied to the case study. However, good answers included consideration of the value of promotional materials and also the credibility of the materials in the eyes of the stakeholders. They also included reference to the nature and scope of communication, i.e. cost, one-way communication, types of illustrations that could be used. Ultimately limitations of the medium were also considered.

**(b)** Letter writing is standard practice within this examination and is beginning to be recognised as such by Centres preparing candidates for examinations. In addition to this, it is pleasing to report that a more appropriate salutation has been used. Good candidates were following the standard format as follows:

- Letter heading of the company
- Date
- Reference number
- Appropriate salutation (Mr/Mrs)
- Letter heading
- Appropriate closure – invitation for action
- Signing off the letter including either yours faithfully (for dear sir or madam) or yours sincerely for (for dear Mr or Mrs)
- Position

The use of ‘dear valued customer’ and ‘yours truly’ are less appropriate for formal business letters and standard formats would be better adhered to.

Candidates who develop the body of the letter well and apply the letter to the context of the task and the case study gain good marks, making the difference between an adequate response to the task and a good mark.

## Task 3

**(a)** **Task 3** attracted a number of different answers and different interpretations. Many candidates treated this task in the same way as previous sessions in terms of the standard influences affecting teams. In fact the focus of the task was much more about communications, such as lack of communication, poor body language, poor listening and poor relationships.

The typical answer presented dealt with the size and structure of the groups and the way in which they were instructed. Good answers recognised different ideologies, emotions and organisational culture relating to communications, in addition to the standard communication challenges.

**(b)** Tasks relating to running effective meetings are also frequent, and therefore candidates were able to prepare well for their answers through the use of past task papers. The result of this was positive, with many candidates being able to demonstrate a thorough working knowledge of meeting planning and what is required to achieve a successful meeting.

Good answers identified that planning the agenda was important, but this should be based upon the foundation of good aims and objectives underpinning the necessity for the meeting to take place. They also included reference to the role of the chairman and participants in achieving the aims and objectives of the meeting. These answers also referenced the importance of following up meeting actions to ensure that they have taken place appropriately.

**(c)** This particular task asked for an explanation relating to the importance of both verbal (oral) and non-verbal communications in a group meeting.

There were a number of issues associated with this task. Firstly, candidates seemed to provide very theoretical and unapplied answers to this task. Secondly, answers were quite confused and often only focused on either verbal or non-verbal communications and not the two issues. Finally, candidates referred to non-verbal communications as written communications. This is not the case and has been expressed as so in other Examiner reports. Non-verbal communication is the study of body language, listening, facial expressions and eye movements. Written communication is not categorised in this way.

This latter point is very important for future examinations, and it is hoped that by bringing this to the forefront such errors will be avoided.

## Task 4

**(a)** This task required candidates to give three points explaining how to prepare for induction interviews. However, many candidates seemed unable to differentiate between an induction interview and an employment interview and thus answers sadly reflected this, meaning many candidates didn’t do as well as could have been expected. Other candidates looked at it as if they were being inducted and talked about their preparation, which was not relevant to the task in hand.

Good answers, however, were able to focus on the need for planning, liasing with other members of the management team where required, and ensuring sufficient timing is in place for the interview to take place. They also focused on the need to prepare discussion points and tasks to aid the structure of the organisation. Importantly, those candidates who were particularly strong included reference to the need to be helpful and supportive to the new employees and addressing their concerns. Ultimately any candidates who went on to reference the need for a confidential and trusting environment did really well.

**(b)** This task focused on suggesting four different types of questions. The focus was on closed, leading, open and hypothetical tasks. Unfortunately, many candidates were unable to address this task successfully. This was particularly disappointing as these types of tasks are often included in the examination papers.

Clearly more preparation around the area of types of questions is needed as this theme continuously challenges candidates unnecessarily. Some of the answers presented were complete guess work and not relevant. This was noted on a Centre by Centre basis, which would indicate a weakness in the delivery of this subject area in certain Centres only.

**Task 5**

**(a)(i)** The task on presenting data within pie charts met with a very mixed response. Whilst many candidates were working along the right lines in terms of the calculations, the actual presentation of the materials was extremely poor, with little by way of labelling or shading. This makes it difficult to interpret in the normal way. Many candidates presented the circular graphical form of communication with lines in the right places. However, some poorer candidates struggled with the calculation, and misinterpreted the data.

**(ii)** The line graph was generally more successful overall, as candidates seemed better able to cope with plotting numbers more accurately. However, again there was a lack of effective labelling.

**(b**) Candidates answering **Task (b)**, which required them to provide two advantages and disadvantages of pie charts and line graphs generally did quite well, although due to poor time management the answers were very brief and tended to be bullet point without elaboration. This was disappointing as again this task makes regular appearances in different guises and could have provided a good opportunity for candidates to score useful marks.

Good answers included reference to pie charts being a circulate tool and unable to present too much detailed data. They would have also referenced how the use of colours may impact on effective delivery, but most importantly that the mathematical calculation was based on working out the data in terms of 360%.

In terms of the pie charts, good examples of answers referenced the fact that trends were easy to follow, that it generally lacked complexity as long as there was not too much data, and that in essence too much data made the graphs difficult to read.

# BUSINESS FINANCE

**Paper 5173/01**

**Business Finance**

## General comments

Overall the performance of the candidates who sat the May 20065 examination was rather disappointing, with a large number of the candidates failing to do themselves justice as a result of carelessness or providing incomplete answers to the tasks.

Candidates and Centres are reminded of the need to study the marks allocated for each task or part task carefully so that they avoid spending too much time on tasks that carry a small allocation of marks.

Once again it is necessary to stress the need for all candidates to provide a formula when they are undertaking a task that involves a calculation. Marks are always awarded for showing the processes used to undertake the calculation as well as providing the correct answer.

## Comments on specific tasks

### Task 1

Overall the responses to the tasks **(a)** to **(d)** were satisfactory with the vast majority of candidates able to provide reasonable and correct answers to most of the tasks.

The weakest responses were seen in the answers to task **(b)** **(ii)** with many candidates unable to give two methods of going public and task **(c)** **(ii)** with rather vague explanations as to how the PEST factors would affect the performance of the firm.

### Task 2

Overall the responses to this task were very satisfactory and it is clearly a topic that has been covered well by the majority of Centres. The answers to part **(a)** were particularly strong with a sizeable majority of candidates scoring full marks as they had provided a correct formula and then used it to make a correct computation. This approach is to be recommended for all candidates.

The answers to part **(b)** tended to be rather vague and Centres are urged to address this issue as a matter of urgency.

### Task 3

Overall the answers provided by the vast majority of candidates to this task were satisfactory with many candidates providing reasonably complete answers to parts **(a)** and **(b)** of the task. The answers provided for part **(c)** were often much weaker and Centres and candidates are urged to address the issue of the award of the marks. This task requires a fully reasoned response in order to achieve the full award of 8 marks. In too many cases candidates ignored this requirement and as a result were awarded few marks.

### Task 4

Overall the answers provided for this task were very satisfactory with the vast majority of candidates able to provide correct responses to parts **(a)** and **(b)** and reasonable explanations for part **(c)**.

**Task 5**

Overall the answers to this task were very disappointing with many candidates receiving no marks at all for their answers. This is the second time that this topic has been examined in recent times and there appears to be no improvement in the responses being provided by the candidates. Centres are urged to address this issue as a matter of urgency as this topic is regarded as a legitimate area for questioning and as such may well appear in subsequent question papers. Centres should therefore make the teaching of this topic a priority.

# MARKETING

**Paper 5174/01**

**Business Advanced Level**

## General comments

Some 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, other 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 tasks below.

Examination techniques could still be improved in the following areas-

**1.** *Reading the question carefully.* In some cases, although the task required an explanation, many candidates simply listed the items requested. Centres are encouraged to give candidates practice in answering tasks from previous papers to help them to understand the requirements of the tasks set. All tasks are also based on the Case Study and high marks are only possible if links to the Case Study are made in the answers. For example, this session the Case Study was based on the Singapore Tourism Board, which is an organisation that offers a service in a non-profit capacity. The marketing of 'services' is a difference covered within the syllabus and candidates are expected to reflect this in their answers.

**2.** *Poor time management.* This continues to be a common problem. Candidates who fall into this category often spend too much time on a task, or part of a task, with which they are comfortable, leaving insufficient time to complete all remaining tasks. Candidates should note the allocation of marks to each task.

## Comments on specific tasks

### Tasks 1

Strong candidates recognised the need for strong customer relationships to be built to encourage positive word of mouth communication and to encourage visitors to return to Singapore.

**(a)** This part of the task asked specifically about online methods of communication. Some candidates explained the use of the Internet for promotion, special offers for online bookings, the ability to provide media rich views of the area and to gather customer data for future communications as well as using email and e-newsletters to maintain contact with visitors. Only four examples were asked for and rewarded with marks.

It was disappointing to see some candidates ignore the 'online' element completely and write about offline promotion which was not required.

**(b) (i)** Again, this task was done well by candidates who recognised the need to put the customer at the Centre of the organisation and that this can help retain customers, grow market share and establish a competitive edge.

**(ii)** This part of the task required a list of the stages involved in establishing a customer care programme. Many candidates remembered these stages from their studies or previous papers and gained full marks. Some suggested that a programme could be established without checking what customers required which is a key stage in the process.

**Tasks 2**

**(a)** This part of the task required not just a description of marketing research but recognition of its impact on marketing decisions and saving money by taking some of the risk out of marketing activities. This was generally done well.

**(b)** Most candidates recognise what primary research is and what it used for. They were also able to give examples of primary research methods. Linking theses examples to the Case Study scenario would have improved marks still further.

**(c)** Again most candidates recognise what secondary research is and what it used for. They were also able to give examples of secondary research methods. Linking these examples to the Case Study scenario would have improved marks still further.

**(d)** Those candidates who knew the stages of a marketing research project were easily able to gain five marks here. Unfortunately, some candidates confused this with the new product development process or the marketing planning process and so lost marks.

**Tasks 3**

This task was all about the characteristics of customers and required candidates to demonstrate an understanding of segmentation methods and of the importance of understanding customer behaviour.

**(a)** There were 8 marks available for this section of the answer and these required the identification of suitable segmentation methods for the Singapore Tourism Board, a description of the selected methods and examples to link them to the Case Study scenario. For example, geographic – targeting countries that have provided lots of visitors in the past, or demographic – targeting those of a certain age and disposable income who are likely to spend money on travel and in the city, or psychographic – targeting those with an interest in travelling and experiencing different cultures, tastes and cuisine.

**(b)** Many candidates found this part of the question difficult. An explanation of the need to understand the target customers' buying behaviour was required. There were several advantages of this and these needed to be linked to the scenario once more. For example, as customer needs change then the marketing communications activities of the Tourism Board need to change with them and new products or services need to be developed. If tourists are not visiting to experience local cuisine but have more interest in the Arts then the Tourism Board may invest less in promoting restaurants and more in Theatres and Art Galleries.

**(c)** Candidates were often able to identify the three key influences as being personal, psychological or social but many failed to give examples relevant to the Case Study.

**Tasks 4**

This task required candidates to explore two key stages of the marketing planning process in some depth. Answers for this task were not as strong as those for other tasks and a number of candidates did not attempt the task.

**(a)** This part of the task required candidates to explain what a marketing audit is. Few were able to explain that it was an examination of the external and internal environments that an organisation works within and that it is summarised in a SWOT analysis in order to help develop objectives and strategy.

**(b)** This part of the task was also weak, even though the task explicitly asked for ways in which PEST analysis would impact on the Singapore Tourism Board's marketing plan. Many only expanded PEST to political, economic, social and technical without giving examples of each. Relevant examples were expected as well as ways in which the plan might need to be changed in each case.

**Tasks 5**

This task required candidates to explore the part of the mix which is designed to deal with the characteristics of services. Candidates from some Centres did this really well whilst others failed to do well in either part of this task.

**(a)** Some candidates were unable to identify the three relevant elements of the mix for services as people, process and physical evidence. Those who did well were able to explain that the physical evidence provided by the Singapore Tourism Board's logo and brand image as well as the attitude and approach of its staff were very important as they form the tangible evidence in the absence of a ‘product'. They were also able to explain the importance of customer focused systems such as hotel booking systems and the provision of information.

**(b)** Only a basic understanding of branding is expected within this module. Those who did well were able to explain that the brand would help in terms of recognition, development of positive associations, customer preference and association with high quality.

# HUMAN RESOURCE MANAGEMENT

**Paper 5175/01**

**HRM**

**General comments**

The format of this paper has been used for a number of years but many candidates still do not understand what is required to gain marks on this paper. Examination techniques are as important as the syllabus itself and candidates should be taught how to approach the different types of questions given in this paper and to identify what is required. There is a range of support materials, including past papers, and these should be used at the end of the course to prepare the candidates.

It is also worth mentioning 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. Too many candidates answer the questions with no reference to the case study whatsoever.

**Comments on specific questions**

**Question 1**

This part of the syllabus is traditionally not the strongest for the majority of candidates. It appears that many Centres view this part of the syllabus as an introduction and so do not give it the time or attention that it warrants.

**(a)** The answer was, as always, contained within the text but too many candidates ignored this and wrote at great length about the purpose or meaning of HRM. Candidates should be encouraged to refer to the case study in their response to the task.

**(b)** Candidates had problems with identifying two specialist roles even though three were quoted in the text. The majority invented 'specialists' or used the HR manager as an example. Many more candidates simply ignored the specialists and described centralised or decentralised systems.

**Question 2**

The syllabus assessment objectives for these questions appear to be taught selectively. Some topics are very popular whilst others appear to be neglected with the consequence that certain questions are poorly answered.

**(a)** The work of trade unions is a very popular topic well understood by the majority of candidates and it is therefore not surprising that this part of the question was answered well by the majority.

**(b)** The impact of technology on the workforce is also a very current topic and therefore popular. This question was understood by almost all of the candidates with the quality of answers very high.

**Question 3**

This particular area of the syllabus is well taught and understood by the candidates. In fact for many centres this section appears to be a favourite area of the syllabus.

**(a) (i), (ii) and (iii)** There were some very detailed descriptions of these three documents but many candidates failed to answer the question and explain the purpose.

**(b)** This part of the question was generally well answered but too many candidates discussed HR planning generally rather than the impact on the company in the case study which was clearly spelt out in the text.

**Question 4**

It is a recurring problem that some aspects of the syllabus receive a disproportionate amount of time and effort. Such is the case for appraisal which is covered in great detail by many Centres, sometimes to the detriment of other equally important topics. This balance needs to be redressed.

**(a) (i) and (ii)** Whilst candidates clearly understand the appraisal process many struggled to put their knowledge into context. Many described an appraisal process rather than how an appraisal process might operate to benefit both the worker and the company.

**(b)** This question highlighted the confusion that exists between working patterns and working structures. It appears that whilst 'working patterns' is a topic understood by the majority, working structures requires more input from the Centres.

**Question 5**

The final assessment objective is popular and well taught. Candidates clearly understand the material but more work needs to be done on applying this knowledge to different situations.

**(a)** This part of the question was answered well by the majority of the candidates. Many extracted the information from the case study and applied it in their response, which raises the question why did they not do this for earlier questions?

**(b)** Candidates are well informed about training and training methods however the question asked for a training plan which caused a great deal of confusion. Too many candidates were not able to translate their obvious knowledge into a plan.

# BUSINESS ORANISATION AND ENVIRONMENT

**Paper 5179/01**

**Advanced**

## General comments

Each of the 27 assessment points was worth 2 or 4 marks with the exception of **2(b)** to which 10 marks were allocated. Candidates ought to find the present structure of the paper much more accessible than hitherto.

Poor examination technique is an ongoing issue and still hinders the achievement of higher marks for many candidates. Teachers are strongly advised to address this matter when preparing their candidates for the examinations. Equally, it is imperative that the entirety of the syllabus is taught.

Despite an obvious overall improvement in candidates' performance, there are still areas of immediate and continuing concern arising from the May 2006 examination:

**[i]** The reason for having the case study is to encourage responses to be made in *the appropriate context.* This means that, unless any task really calls for the rehearsal of general business knowledge, candidates should offer answers that are *clearly related* to the case study. Marks may be lost if context is overlooked. Indeed, there was still a significant number of candidates who did not fully exploit the use of the case study and gave general rather than specific answers.

**[ii]** Candidates must ensure that they read the tasks carefully in order to understand what the Examiner wants them to do. All too often, candidates fail to do themselves justice simply because they either misread or fail to comprehend a task. 15 minutes' reading time is provided in order to help candidates become acquainted with both the case study and the general nature of the tasks.

**[iii]** Candidates must learn 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 worth, say, 4 marks. With the usual exception of one 10 mark task, candidates are not required to submit lengthy essay-type answers but they must write enough detail to demonstrate to the Examiner that they understand the tasks. A succinct and focused answer is preferable to one that is convoluted and offers little substance.

**[iv]** Tasks mostly ask candidates to *describe* or *explain*, and a typical weakness is that candidates do not always submit a sufficiency of description or explanation. It is 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 more important that the quality of written language. However, it must be emphasised that very poorly expressed answers, especially those which expect the Examiner to guess the meaning, may not be marked very favourably. Teachers need to emphasise these points when preparing candidates for the examination.

**[v]** Layout is a continuing issue. The instructions on the front sheet of the examination paper are clear enough and it would be helpful if invigilators referred to them when briefing candidates prior to the commencement of the examination. No marks are deducted from scripts where candidates have ignored advice about, for example, leaving margins clear, or starting each task on a separate sheet of paper, but Examiners find the assessing of badly organised and untidy papers very frustrating. There is the risk that valuable points will be overlooked. It must be acknowledged that instructions have a purpose.

**[vi]** Time management is an area that must be addressed by the candidates. It is obvious that an examination creates pressure but teachers need to instruct candidates on how they can pace themselves and not panic because of the time constraint.

## Comments on specific questions

### Task 1

**(a)** The entrepreneurs setting up 'Better Feet' decided on a *private limited company* and candidates were asked to identify and describe three features and/or advantages of this form of business organisation. Responses were mixed in that some candidates readily identified features such as limited liability and the restrictions on share transfer whilst others missed the point entirely and spoke, for example, of the specialisation of managers, and no interference from government. The better candidates were able to articulate three apposite issues but overall the task brought forth disappointing responses and valuable marks were lost. 12 marks were available and three well defined answers could easily have earned a good candidate at least 9 marks. A problem with the rubric arose: a large number of candidates chose to offer what they regarded as three features *and* three advantages. The purpose of the task was to give candidates wider choice in their selection of three appropriate answers.

With **1(b)**, candidates were asked to explain the two business objectives of 'Better Feet' which were mentioned in lines 9-11 in the case study:

**(b) (i)** *Profit*: many candidates just suggested that it was the primary objective [as per case study] of being in business and offered no substance in support. What was required was a statement containing one or two points which highlighted profit as being, for example, a reward for risk-taking, a justification and motivation for being in business, an internal source of financing, a reflection of success. Only a few earned the full 4 marks but mostly only 1 or 2 marks were awarded.

**(ii)** *Contributing to the improvement of the local community's living standards:* this was not a very successful task as so many candidates talked about the quality of the shoes when the essence of the response was about employment, wages, and disposable income all helping to raise the standard of living - the multiplier effect of wages was overlooked. Some suggested that 'Better Feet' made some local social service provision like contributing to education and health – points which were accepted.

### Task 2

**(a) (i)** Candidates were asked to explain what a stakeholder was and mostly the term was adequately defined. However, to get the full 2 marks it was necessary to point out that a stakeholder was a person or persons, or an organisation with a *direct* or *vested* interest in 'Better Feet'. A general or loose definition was only awarded 1 mark.

**(ii)** Candidates were then asked to identify two of the company's stakeholders and indicate why they could be regarded as the most important. This task tended to be rather disappointing. There was no problem in identifying two appropriate stakeholders but most responses did not address the issue of importance. Too many scripts earned 1 or 2 marks per stakeholder when a total of 2 x 4 was available. This was another case of candidates not paying attention to the task.

**(b)** This was the only task to which more than 4 marks for any component was awarded. Candidates were expected to describe paternalism and democracy in the context of the case. A journalist described the 'Better Feet' leadership as a mixture of democracy and paternalism and candidates were expected to explain the journalist's meaning. Since 10 marks were available, the task called for an extended answer which ought to have been within the competence of advanced level candidates. The rubric was quite clear but some responses actually sought to define the role of a journalist which had no bearing on the task at all!

The intention was that candidates offered their understanding of the two leadership styles and the main points which should have emerged were employee participation versus management and control by executives. Most responses earned fewer than 5 of the 10 marks despite the fact that the two leadership styles were contained under competence criterion 2.2 of the syllabus.

**Task 3**

This task appeared to be the most successful for it gave the candidates an opportunity to build up the marks.

**(a)** This was a standard task and candidates were directed to identify and explain three expectations that the employers had of their employees. Inevitably there were some candidates who earned 0 marks because they reversed the task and spoke of employees' expectations. Three expectations were expected but there was still a significant minority of candidates who offered more. Likely expectations included the ability to manage time, acceptance of the company code of conduct, and the ability to work safely and not endanger the lives of others. 1 mark was awarded for a mentioned but a well written answer in context could earn 3 or 4.

**(b) (i)** The company is a good employer and gives its employees a number of incentives. Candidates were asked to suggest two which they thought 'Better Feet' might offer. There was 1 mark for just a mention and 2 for a description or brief explanation. This task was mostly done well with a plausible choice of incentives [e.g. medical and dental care, performance bonuses, staff discounts] although some points reflected the local experience of candidates e.g. housing allowances, and they were accepted.

**(ii)** This task proved relatively simple for most candidates who only had to identify two ways in which the company was likely to use computer technology. I mark was awarded for just a mention but the 2 marks went to those answers which gave some information. The options were easily identified and included such activities as accounting, payroll, shoe design, and human resource records.

**Task 4**

**(a)** This was essentially a PEST factor task and, whilst complicated arguments were not expected, candidates should have demonstrated their understanding of how price and consumer preference directly affected 'Better Feet' i.e. responses should have been in context.

**(i)** The subject of price brought forth explanations of the price mechanism when what as required was the recognition that the company's pricing system was *cost-plus*. The prices for the shoes were affordable in terms of the client-base as evidenced by the healthy turnover. Clearly there was a willingness to buy the product. Many candidates stressed the relationship between demand and supply i.e. the lower the price the higher demand, and vice versa but what was overlooked was the nature of the niche market served by 'Better Feet' which encouraged a different application of pricing. Answers tended not to be contextual.

**(ii)** The issue of consumer preference should have followed on from the previous response with candidates pointing out that consumers have disposable income which indicated both the ability and willingness to buy. The company's customers were in the economic position to exercise choice i.e. preference. Far too many candidates gave answers related entirely to the menu of shoes available and the need to reflect trends in fashion. Overall this task was poorly developed.

**(b)** This was a location task and required to be responded to *in context*. Three location factors were called for and two of them had been given both in the text and in the task: the supply of labour and a reliable postal service. Candidates were asked to provide a third relevant factor of their own choosing. The problem with this task was that many candidates wrote about location factors in general i.e. those that largely fit the textbook industrial model, and ignored the key demand of the rubric which specifically asked for an explanation of 'how the location of the company *was influenced by*…..' Many answers were lengthy and would have scored well had the task been theoretical. Candidates were required to focus on 'Better Feet' and explain why they located where they did; the clues were clearly identified in the case.

**(i)** *The supply of labour*: the reason why the company set up in its location was because they revived an existing shoe factory which had gone bankrupt. This meant that there was a ready supply of suitably skilled labour available to the company. After all, it was redundant skilled shoe production workers who persuaded 'Better Feet' to restart the business. The company did not have problems recruiting personnel as it would have done in another location. The discussion of the supply of labour in general terms was acceptable but was awarded only by 1 or 2 marks; the few responses that were answered in context were able to earn 3 or 4 marks.

**(ii)** *A reliable postal service*: this was one of the two essential factors affecting the location of the company. 'Better Feet' received orders via the post, telephone or Internet but sent out every order using the postal service and delivery was made within 15 days of the receipt of an order. This was made quite clear in the case study. The most common point to be offered was that the company should be located near a post office when the essential and overlooked issue was the existence of an efficient postal service which, of course, can be provided directly for any large business organisation. Better candidates argued that the postal service was *the* access to the market. It would be impossible to deliver shoes to any address in the world without a reliable postal service.

**(iii)** *One other relevant factor*: Candidates were asked to make a suitable choice for the third locational influence. What was expected here was some mention of, for example, incentives to encourage the choice of a location like business subsidies, tax holidays and attractive occupancy costs. Mostly the choices were about infrastructure and raw materials, both points being acceptable. Some candidates suggested that land was a prime issue but ignored the fact that the factory already existed prior to 'Better Feet' taking it over. Another suggestion was the closeness to its market which was not appropriate since the company is based on mail order and serves a global marketplace. This reiterates the fact that some candidates fail to take any significant notice of the case study.

**Task 5**

**(a)** Candidates were asked to explain the importance of three of the main features of the company's customer service policy. The case study clearly identifies four features and they were therefore readily accessible and available to candidates. Mostly the candidates recognised the obvious issues [delivery within 15 days; returns free-of-charge]; unconditional guarantee] but then offered features that were more relevant to the ordering procedure. In some scripts the three points were so similar that it was necessary for Examiners to amalgamate them in order to produce one or perhaps two substantial points. What the responses tended to lack was reference to the importance of the customer service policy: the candidates understood the features but did not explain their importance very well or at all.

**(b) (i)** An explanation of the differences between niche and mass marketing was asked for and surprisingly few candidates were able to earn the full 2 x 2 marks. The niche market was better understood than the mass market and hardly any candidate referred to high productivity machine-based large-scale production aimed at wide markets. The contextual element was about no hand-finishing which was a feature of the 'Better Feet' strategy in addressing its niche market. Too often the responses were vague and simplistic.

**(ii)** This final task addressed cost-plus pricing. 'Better Feet' used this method and candidates were expected to explain what it meant. Answers were, in the main, narrow and merely explained that to the costs of production was added the set profit percentage. 1 or 2 marks were mostly awarded here as few candidates really demonstrated the understanding that cost-plus pricing protected the company's profit margins so profit would be made even if costs increased [so long there was little or no serious competition].