BUSINESS (STANDARD LEVEL)

Paper 8928/5162

Effective Business Communication

General Comments

No tasks affected the overall difficulty of the paper compared with previous years. There was no evident task that appeared consistently easy for candidates.

The results indicate a broad spread of marks from the very low to 70+. The majority of scripts were in the range of 40 – 50. However no candidates achieved the very high marks. It was clear that some candidates struggled with English and this affected their responses. There were instances where the candidates had not read the task properly and thus gave inappropriate answers. There were some occasions of tasks not being attempted at all. Overall however candidates demonstrated the ability to address most of the tasks adequately and that the general standard is much improved on previous years.

Overall this task paper was comparable with previous papers and was in line with the syllabus. There should have been no surprises for candidates.

Comments on specific tasks

Task 1

(a)/(b) Task **1 (a)** and **1 (b)** focuses on communication in business. Candidates tended to provide general answers about communication rather than focus on the key issues for business. In particular, candidates tended to only consider communication issues internal to the organisation, such as those associated with staff. This meant that the wider issues of external communication such as those with customers and suppliers were not considered.

(c) Task **1 (c)** seemed to provide the least difficulty for the candidates and was generally well answered with most candidates identifying three methods and describing/developing well.

Task 2

(a) Task **2 (a)** required candidates to write an internal memo. The layout of the memo was much improved on previous years, with the majority of candidates gaining three points. However, candidates were not putting their name as the person the memo was coming from. Candidates need to include the essential purpose of the meeting, its time, place and date. The whole tone of the memo was too informal.

(b) Task **2 (b)** required candidates to write an external business letter to invite a candidate to an interview. Generally candidates demonstrated an understanding of letter layout, but lacked the ability to convey the important parts of the message. Essential information was often missing from the letter. In some cases the content was weak, and the tone of the letter was not sufficiently "business like". There was confusion as to the purpose of the interview, and candidates need to give details regarding the venue and what was required of the interviewee in terms of the information in the task and the case study.

Task 3

(a) Task **3 (a)** was to identify five common characteristics of a meeting. Most candidates understood the requirements but were concerned with setting up the venue, seating arrangements, quorum, choosing who would attend etc. and failed to identify the characteristics as per the mark scheme.

(b) Part **(b)** produced a range of responses but there seemed to be a lack of understanding of what constitutes verbal communication. Answers to the non-verbal part of the task were far better.

(c) Part **(c)** was a straightforward task but candidates need to explain the benefits in more detail.

(d) Part **(d)** most candidates identified two factors often with a good explanation.

Task 4

(a) Task **4 (a)** required a list of steps for a selection interview. It is reasonable therefore to expect candidates to be able to give comprehensive answers and in many cases, this happened. However some candidates struggled and it may be that they were focusing too much on the type of interview, rather than on the general process of interviews. Candidates concentrated on the type of interview and aims and purpose, rather than answer the task as set, which was solely to write a list.

(b) Many candidates were able to gain 6+ marks on this task.

Task 5

(a) This should be a straightforward task but generally responses were not good. Some candidates failed to understand what was required here and gave answers such as Power Point. Other candidates gave line graphs as answers, presumably because this is an aid and is covered in the syllabus. However this demonstrated that they had not properly read the task to decide on the most appropriate presentation approach.

(b) This task was straightforward, yet the responses here varied greatly in their comprehensiveness.

(c) Part **(c)** was generally answered well and candidates correctly identified Powerpoint and Excel.

BUSINESS (STANDARD LEVEL)

Paper 8928/5163
Business Finance

General comments

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

Comments on specific tasks

Task 1

Overall the responses to this task were rather disappointing.

The answers to part **(a)** were often vague. Candidates need to explain what is involved in the merger process and provide a satisfactory explanation of the legal consequences of a merger.

The answers provided to part **(b)** were disappointing as candidates need to provide more just repeating their answers for part **(a)**.

The responses provided for part **(c)** were much better with most candidates being able to provide a complete explanation of what constitutes a multinational company.

The answers to part **(d)** were generally poor. Candidates need to explain fully what a rights issue involves.

The answers to part **(e)** were rather much better with many candidates providing both a sound explanation of working capital and a relevant reason for monitoring the level of working capital.

Task 2

The answers provided to part **(a)** of this task were generally good with a majority of candidates scoring high marks. Many answers included a relevant formula for calculating the break-even point and this ensured that they scored high marks.

The answers to part **(b)** were rather disappointing. Most candidates were aware of how to calculate the break-even point but they produced incorrect calculations. However, the fact that they were using a correct formula ensured that they scored some marks.

The answers to part **(c)** were generally poor as candidates need to provide some evidence as to how they intend to carry out their calculations.

Task 3

The answers to this task were generally good with most candidates scoring high marks.

The answers provided to part **(a)** were generally good with most candidates being able to make the distinction between internal and external stakeholders and being able to provide correct examples of each type of stakeholder.

The answers to part **(b)** were satisfactory, as most candidates were able to identify the type of financial information that would be of interest to the stakeholders, but candidates also need to address the issue as to **how** this information would be used by the stakeholders.

Task 4

Overall the answers to this task were disappointing.

The answers to part **(a)** were particularly disappointing. Only a minority of candidates were able to provide explanations of the two principles and all candidates need to explain how these principles would be applied to create accurate accounts.

The answers provided for part **(b)** were slightly better. Candidates though need to explain how their chosen principles would be applied in the accounting process. Better candidates provided worked examples of the application of their selected principles and as a result they scored high marks.

Centres are urged to address the issue of principles of accounting and their use within the accounting process as a matter of urgency.

Task 5

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

The answers to part **(a)** were generally good with the majority of candidates being able to provide a correctly formatted cash budget and in many cases completely correct budget totals. Many candidates provided evidence of their calculations in rough work and this was useful in awarding marks when they had made mistakes. This practice is to be encouraged in order to maximise the marks awarded to candidates.

The answers to part **(b)** were disappointing with many candidates providing vague and/or short statements as to the advantages/disadvantages of cash budgeting. The mark allocation showed that there were four marks available for each advantage/disadvantage and this should have indicated that the answers needed to be quite extensive in order to achieve a full award.

BUSINESS (STANDARD LEVEL)

Paper 8928/5164

Marketing

General comments

It is pleasing to see a good general understanding of the syllabus demonstrated by most candidates. Many were able to apply their knowledge to the Case Study and gain high marks.

Candidates still, perhaps under the pressure of the examination situation, do not always read/analyse the requirements of the task sufficiently. Teachers/tutors can help candidates develop this skill by discussing past paper tasks during teaching sessions, and carrying out mock examinations where possible.

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

Comments on specific tasks

Task 1

(a) This first part of this task looked for candidates to give a definition of marketing. Generally, candidates were able to do so for the four marks that were available for this part of the task. A variety of definitions were accepted by Examiners and all centred on satisfying the needs of customers.

(b) The second part of this task was done fairly well by many candidates. However, a disappointing number of candidates could only identify one clear difference between business-to-business marketing and business-to-consumer marketing, and wrote about the former involving selling to businesses and the latter selling to individual consumers. This was evident in the question. This is a topic that appears to need more focus from Centres and this could be achieved by asking candidates to compare segmentation methods, marketing mixes and communications mixes used when marketing two products; one that is marketed to other businesses and one that is marketed to consumers. This technique would also help with answers to **Task 3** and **Task 5** on this Paper.

(c) This final part of **Task 1** asked candidates to apply the knowledge demonstrated in part **(b)** to two sectors in the Case Study. Many candidates were able to give good explanations to this even if they had poor responses to part **(b)**.

Task 2

This task explored the role of marketing research.

(a) This first part of this task looked for candidates to give a definition of marketing research. Most candidates gave a clear definition.

(b) This part of the task was also generally done well. Five marks were available for simply listing the stages of the marketing research process. Some candidates did not read the instruction and wasted time explaining each stage when a simple list was all that was asked for.

(c) There were two sections to this part of the question. Candidates who understood the difference between primary and secondary research were able to gain high marks here and many were able to give good examples that were relevant to the Case Study. Answers for the first part informed the choice of research method in the second part. In some cases, candidates did not link the two and so lost some marks. Once again it is important to remind candidates to read the tasks carefully.

Task 3

This task explored segmentation in general, and also the way in which promotional tools can be used to target different audiences. Most candidates were able to put together a promotional mix for end consumers but many struggled to include an appropriate mix of promotional tools for the distribution channel such as the supermarkets or retail outlets. Those who did recognised that advertising would be in the trade press, and that personal selling plus sales promotions would play a big part in this mix. Many also recommended point of sale material and merchandising, all of which gained good marks. It was good to see that some candidates were able to recommend an appropriate method of segmentation for the company in the Case Study in part **(b)**. However, once again many recommended more than one method and so the question was not answered appropriately.

Task 4

This task focused on the marketing planning process. Unfortunately, many candidates did not address the question appropriately, simply explaining some of the elements, rather than explaining where they fit within the marketing plan

Most candidates could explain what PEST analysis is.

The final part of the task asked **why** SWOT analysis is used in a marketing plan. Many candidates simply spelled out what the letters of SWOT stand for, and so limited the marks that they could gain.

Task 5

This final task assesses the candidates' understanding of the competence relating to the importance and impact of each element of the marketing mix. On this occasion, the task linked to the Case Study, and the potential for marketing the new spice range of ice cream to individual consumers.

(a) This part of the question allocated two marks to each of the 7Ps of the marketing mix. Although many candidates could describe these generically it was rarer to see a mix that was related to the specifics of the Case Study and the Task. Those who did link clearly to marketing ice cream to individuals and families gained high marks, and some submitted well coordinated and creative marketing mixes.

(b) This part of the question was also done quite well by many. Those who recognised that it was important to try to overcome any 'risk' involved in buying a new product with unusual flavours by offering tasting sessions. Many also referred to the potential for buying the product straight after trying it if the sessions were run in the retail outlets. These were good answers and gained high marks.

BUSINESS (STANDARD LEVEL)

Paper 8928/5165

Human Resource Management

General comments

A well answered paper and the majority of candidates were clearly well prepared. However, there were many examples of poor examination technique in response to part **(a)** of each task. In every task the candidate was asked to simply provide a list of items, whilst the majority of candidates have complied with this there are still significant numbers who ignore the instructions by providing very detailed answers for this part of the task. Candidates need to recognise that a short and focused answer is preferable to one that is lengthy and offers little substance, not just in part **(a)** but throughout the whole paper. Although candidates' often possessed ample knowledge of the topics being examined many were unable to provide the correct balance in their answers on those tasks with different mark values. These candidates invariably provide answers to six mark tasks that are just as, if not more, detailed to those offering ten marks. Candidates are not required to submit detailed essay-type answers but they must write in enough detail to demonstrate to the Examiner that they understand the tasks.

It was also evident that some of the areas of the syllabus had been covered in more depth whilst some topics were poorly answered by the whole range of candidates. The entire syllabus needs to be covered but not in any more detail than the depth specified. This was a paper that all of the candidates were able to access, and there were very few instances of candidates answering fewer than the required number of tasks.

Candidates that took the time to read both the case study and the accompanying tasks carefully generally provided more appropriate answers. The case study used in this examination may have been easier for many of the candidates to relate to as the more able candidates did recognise that the employees in the company would need to possess creative skills. Well answered tasks would often refer to the "creative" element of employee in the interpretation and analysis of the tasks. However marks were frequently not awarded because the context was not considered. Candidate's knowledge needs to be applied to the case study and candidates need to understand the importance of context.

Overall candidates did manage their time well and only a very small proportion of candidates were unable to complete all the tasks within the allotted time. However, in many cases the marks gained to the tasks at the end of the paper were much lower than at the beginning and the nature of the answers clearly showed that although candidates had the ability to answer these tasks to a better standard they had not quite managed to allocate or plan their time appropriately,

Comments on specific tasks

Task 1

(a) Most candidates were capable of listing the four purposes of Human Resource Management (HRM) as requested.

(b) This task was often completed exceptionally well and very many candidates achieved full marks in this section. The required answer was *"A process for creating and maintaining relationships between people who work for them, and between organisations."* A large number of candidates did not refer to the "between organisations" component so only achieved marks at Level 1.

(c) Candidates were able to understand the concepts of centralised and decentralised HRM and most quoted the relevant section; ***"a central HR department but to give each separate department with the company some limited responsibility for HR such as discipline and grievance. However, the main features such as recruitment and HR planning will be centralised."*** but few were able to apply their knowledge and make an analysis related to the case study. Consequently the most common mark was at the bottom end of Level 2.

Task 2

(a) This task required candidates to list four laws that were actually listed in the case study; this task was completed to a suitable level by nearly all candidates.

(b) Many candidates were able to quote or refer to the relevant section of the case study; **"*young, extremely mobile, move between jobs quite frequently*"** which was sufficient for Level 1. More able candidates achieved Level 2 marks by referring to the high labour turnover this would result in and the problems associated with high turnover.

(c) Candidates that were able to quote the relevant section from the case study were awarded four marks for this task. The task did differentiate between different levels of candidate ability, weaker candidates generally provided answers that were very generic without any reference to the case study whilst good candidates made applied reference to the need for constant training and the implications of new technology for the computer games industry and its employees in terms of life long learning and career changes.

Task 3

(a) Very few candidates were not able to list the four types of contract used by PROP Games (PG). Some candidates also provided an explanation of each type of contract but no extra marks were available for this.

(b) Descriptions of how flexitime works were very varied and the majority of candidates provided general definitions but more able candidates were able to expand their answer into Level 2 by providing answers that suggested the software writers were creative and may be more productive if allowed to work the hours that suited them, especially if they were part way through a project.

(c) Almost all candidates recognised the essential differences between redundancy and dismissal.. A significant number of candidates were able to improve to Level 2 by referring to the compensation elements and the processes involved. Level 3 candidates made use of the information in the case study and referred to the natural wastage the firm hoped would solve their problems.

Task 4

(a) The systems used for communications were clearly shown in the case study and only the weakest candidates were unable to identify them. Once again a large number of candidates chose to explain each method even though the task only required a list.

(b) Candidates often repeated the relevant section from the case study for Level 1; ***"This could be linked to a series of targets that could be monitored and assessed every six months. In this way not everyone would receive a bonus"*.** Many candidates ignored this section and simply provided their own generic example which was correct but lacked sufficient application to earn full marks at Level 1. More able candidates obtained Level 2 marks by linking the use of targets and the motivation of workers.

(c) Very few good answers to this task. This topic has proved to be difficult for candidates in previous examinations and the standard does not appear to have improved greatly. Some candidates linked Total Quality Management (TQM) and communications to earn marks at the lower end of Level 1. The Examiner was expecting answers that would provide a more detailed understanding of the full scope of TQM; "**TQM aims to ensure a quality product is produced by avoiding problems before they happen. Manufacturing is investigated at every stage by the people involved in the process. Quality chains are important. Examples of the manufacture of computer hardware and software could be used."**

Task 5

(a) Again a well answered task although some candidates did not use the list of benefits provided in the case study and a significant number chose to provide explanations even though only lists were asked for.

(b) Weaker candidates, or those who had not allocated sufficient time, would merely list fringe benefits even though the task clearly asked for an explanation of why PG might use them. Some candidates were confused as to what actually constituted fringe benefits whilst others failed to answer the task as they described the fringe benefits but made no reference to the benefits such as improved motivation and loyalty. The most able candidates commented on the "creative" skills needed by PG's workers and how high salaries were often not sufficient motivation for this type of employee.

(c) Not an especially well answered task but this may be partly due to those candidates who had not reserved sufficient time to answer this task in full. Candidates who simply quoted the relevant section from the case about targets being monitored every six months were awarded marks at the Level 1 only. Many candidates did not achieve Level 2 as they only referred to bonus schemes and ignored share schemes. There were a few very good answers showing good levels of evaluation skill for Standard level candidates where candidates recognised that bonus schemes based on targets are difficult to apply in "creative" jobs and that share schemes were more likely to encourage workers to remain at the company long-term which would improve the labour turnover problem.

BUSINESS (STANDARD LEVEL)

Paper 8928/5169

Business Organisation and Environment

General comments

Teachers are strongly advised to address the subject of *examination technique* when preparing their candidates for the examinations. It remains a concern to Examiners and still inhibits the award of higher marks for many candidates.

The following bullet points *summarise* the advice teachers and invigilators should give to their candidates:

(a) They should:

- read and make sure that the Examiner's instructions are clearly understood;
- focus on the essentials of each task;
- relate the length and content of the response or answer to the task;
- pay attention to the layout of answers;
- manage examination time sensibly.

(b) They should NOT:

- copy out the tasks;
- attempt the tasks in an erratic order;
- wrongly number the tasks or part-tasks;
- write more than is required;
- include irrelevancies i.e. demonstrating knowledge that is not called for.

Other points to bear in mind include:

(i) The invigilator must emphasise that *15 minutes' reading time* is provided in order to help candidates become acquainted with the contents of the examination paper.

(ii) *An expectation of the case study is that candidates will respond in the appropriate context.* This means that, unless the task calls for the rehearsal of general business knowledge, answers should be clearly related to the case study. Too many responses are generic and so *marks are often lost because the context is disregarded*. It is not enough to display knowledge and teachers should ensure that their candidates understand the importance of context.

(iii) Candidates must appreciate that a *short and focused answer* is preferable to one that is lengthy and offers little substance. At no point in the examination paper are candidates required to submit detailed essay-type answers but they must write a sufficiency of detail to demonstrate to the Examiner that they understand the tasks.

(iv) Candidates are mostly asked to *describe* or *explain*, and a typical failing is an *insufficiency* of description or explanation. Bullet points will not, as a rule, earn good marks.

(v) The majority of candidates sit the examination in a second language and incorrect spelling and grammatical errors are **not** taken into consideration. The demonstration of business knowledge is much more important that the quality of written language. However, it must be emphasised that a very poorly expressed answer, especially one which expects the Examiner to guess the candidate's meaning and intention, may not be marked very favourably.

(vi) 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 concerned Global Antiques which began life owned by a sole trader and then later, in order to expand, became a partnership. Although it maintained a warehouse and workshop, the business operated without retail premises as the partners teleworked and sold antiques via the Internet. While some tasks called for generic knowledge, the over-riding feature of candidates' answers illustrated a lack of context (see item **(ii)** above).

Task 1

Global Antiques was described as a general partnership and candidates were asked to demonstrate their knowledge of aspects of partnership.

(a) (i) This task called for the description of *two features of a general partnership*. A generic answer was acceptable although candidates could have made specific reference to Global Antiques. The following features provided the more likely choices for candidates: the partnership had unlimited liability i.e. no financial protection in the event of bankruptcy as each partner was liable for the debts of the other partners; one partner's decisions bound the partnership; the partnership may be controlled by a Deed of Partnership; it was an unincorporated business owned by a minimum of 2 partners; and each partner was technically self-employed. One specific point is worthy of mention and that is that many candidates used the term *shareholder* instead of *partner*.

(ii) The second task asked for an explanation of *the purpose of a Deed of Partnership*. This was quite a successful task in the main and some candidates demonstrated a firm grasp of the Deed's purpose. Weaker candidates tended to confuse it with the Memorandum of Association for a joint stock company. Essentially, what was required was the rehearsal of these familiar and salient points: that it was a written legal agreement setting out the rights and responsibilities of the partners; that it provided, for example, for the way the profits and losses were divided or shared; the specific responsibilities and duties of the partners; the procedure for introducing or removing a partner; the continuation of the business following the death of a partner

(b) The task addressed two of the main objectives of the partnership.

(i) The first dealt with the objective to *satisfy client demand*. Responses tended to be rather predictable and did not really recognise the focus of the task. Most candidates identified the fact that a business must satisfy clients but failed to acknowledge that collectors of antiques were likely to be very demanding and that Global Antiques had to respond accordingly. The partners handled merchandise that was very high value and rare and, as a result, they should provide a faultless service to their clients. They had to recognise that their clients were making significant investments. A number of responses talked of offering clients discounts which would have been quite out of place in a business like Global Antiques.

(ii) The second objective was to *make a profit*. Responses to this task were either very good or they missed the point entirely. It was **not** about the calculation of profit which was the concern of many candidates. Indeed, many misunderstood profit and claimed it was for paying wages and other expenses. The better answers appropriately described profit as a justification for running a business; that it was a reward for the risk taking and enterprise necessary in the antiques business; that a good profit represented an attractive return on capital. Profit was also to be regarded as a source of internal capital which would allow the partners to expand and invest in very rare artefacts.

(c) This task called for an explanation of the difference between cash and debit or credit card payments.

Unfortunately it was not well executed and there seemed to be confusion about debit and credit cards with some candidates suggesting they were virtually the same. It was a straightforward task calling for the recognition that cash consisted of notes and coins with payment being made, therefore, in hard currency. If a client paid with a debit card then the money would be immediately deducted from a bank account. When credit cards were used there was an understanding that the bank would credit Global Antiques with the appropriate sum. The business would not offer credit but the bank would do so to its own clients. A fairly simple explanation was all that was needed here. Cash consists of notes and coins and payment is made, therefore, in hard currency; a credit transaction mostly relies upon credit or debit cards; payment is made on the understanding that a bank will credit Global Antiques' bank

Task 2

(a) This task asked candidates to respond to a partner's view that a formal structure was not necessary in Global Antiques and in any case the business had a flat one.

(i) Candidates were expected to explain *why the partnership did not need a formal structure*. Many responses drew on the text but did not pursue it further. The argument was that the structure was indeed flat as the partners worked in such a way in their own areas of expertise that a formal structure was not necessary. Apart from the assistants, there were only four partners and they were responsible for the entire business. Each partner shared in the decision-making which could be and was accomplished in a face-to-face or electronic meeting. The main point to emphasise was that a formal structure may well have removed the flexibility that the business relied on.

(ii) The second task asked for an explanation of what *was meant by a flat structure*. Most responses were limited and the task deserved better treatment. The obvious issue was that a flat structure had a wide span of control and as such improved vertical communication because there were fewer layers through which it has to pass. Importantly, the flat structure enabled the delegation of a high proportion of tasks and decisions and that in turn helped to motivate Global Antiques' employees as they had more responsibility.

(b) Every business has stakeholders and candidates were asked to demonstrate their knowledge of them.

(i) An explanation was called for why the partners *regarded their clients as the most important stakeholders in the business*. There was a link here with **1(b)(i)** and candidates were expected to emphasise the importance of clients, in other words without clients, there would be no business – therefore no profits, no salaries, and no jobs. The clients were the most important because they were the lifeblood of Global Antiques. Candidates could have earned full marks for acknowledging that client dissatisfaction could lead to legal action, loss of business, and loss of reputation.

(ii) Continuing the theme of stakeholders, candidates were asked *to list four of Global Antiques' stakeholders excluding clients*. All that candidates were required to do was to provide a list of stakeholders and yet a number offered a definition of each one. Clients were excluded from the list and, again, some candidates included them in their responses. Four easy marks were available to identifying such examples as partners, employees, the bank, insurers, the government, suppliers.

(c) This task asked for an explanation how *the different skills (or functional activities) of the partners linked together and complemented each other*. The partnership had four partners and together they were skilled and experienced in those areas which make the business function i.e. product knowledge, accounts, computers, and sales and marketing. Candidates needed to say how the specialism linked well together, i.e. the products were antiques and they had to be sold and promoted through appropriate means; the computer assisted in buying, selling and accounting; the business had to have appropriate financial controls and reporting. It was not a difficult task but many candidates earned low marks for only having copied out the text references.

Task 3

(a) Global Antiques' assistants were not employed on permanent contracts. Candidates were asked to *explain what was meant by a fixed-term renewable contract*. Mostly candidates understood that it was an employment contract which ran for a specific fixed term e.g. one year, and expired at the end of that term. That it could be renewed was widely reiterated but few gave a sound reason for that. Clearly satisfactory work was the obvious choice but an informed answer would have recognised that Global Antiques operated in uncertain markets. The use of fixed-term renewable contracts gave the business, therefore, some flexibility in staffing. Employees were generally treated as permanent in respect of pay and any benefits.

(b) The partners communicated with each other and their clients by teleworking. An explanation of teleworking was required and how it benefited Global Antiques. Generally the answers were quite well done but many candidates referred to teleworking as working by telephone. That is certainly a form of teleworking but it is not what is commonly recognised as such. Candidates were expected to suggest that teleworking enabled the partners to work in any location e.g. home, train, aeroplane, auction room, warehouse, so long as there was an electronic link between them all. The benefit of teleworking was that while it kept the partners in touch with the business regardless of where they were, it also gave them flexibility in planning their own work schedules.

(c) This task dealt with the expectations that the partners had of each other. The emphasis here was on the partners, not on employees. Most candidates offered relatively vague responses and did not exploit the case study very well.

(i) The first expectation was *the ability to work with each other*. It was an undemanding task requiring the rehearsal and description of familiar issues like the ability to fit into the partnership team, the ready contribution to the achievement of tasks, and having a cooperative attitude. Beyond these obvious points were, for example, the willingness to share ideas and informed decision-making.

(ii) The second expectation was *the commitment to the partnership*. Since it was their business, the partners were expected to be well motivated and, in return for profits and benefits, they were expected to fully support the business. The partners also had to acknowledge their responsibilities to their staff and clients. Full commitment to the objectives of Global Antiques enabled a profitable business and wider opportunities for all concerned. A salient point to pursue was that success and profitability of the business and the partners were the same.

(iii) The third and last expectation was *effective and efficient work practices*. This was probably the hardest of the three expectations but it extended the points contained in **(i)** and **(ii)** above. Definition was not specifically required and only a general discussion was required. Obviously the willingness to work awkward and long hours and to meet deadlines were imperatives. Additionally, they were expected to perform well as part of the partnership team and to invest Global Antiques with high standards of expertise and business practice.

Task 4

(a) Every business was in some way affected by PEST or external factors. Candidates were called upon to explain how Global Antiques might be influenced by three particular issues. This was a regular and familiar task.

(i) The first factor was *competition.* Overall, the responses tended to be limited. Competition was recognised in a general way but few described it as being either a threat or a stimulant to Global Antiques. Market position was acknowledged but not in the sense that if the business became inefficient it would lose its clients. Competition could motivate the partnership to improve its client service and it needed to be aware of the developments in the antique market generally and how its competitors were responding.

(ii) The second factor was *fair trading*. This was not a very successful task and the majority of candidates had little idea of what it meant. A few candidates addressed monopolies and mergers which were irrelevant in the context of Global Antiques. Essentially, reference should have been made to the fact that a legal antiques business was built on trust and honest dealing. Antiques should be bought and sold without deception i.e. descriptions should be correct and there should no falsifying of makers' marks.

(iii) The third factor dealt with *changes in computer technology*. This proved to be more familiar ground for candidates but even so few really raised the issue of affordability. A lot of buying and selling was conducted electronically and candidates were aware that the partners largely ran the business via the Internet. The tasks to have asked were, for example, could Global Antiques keep up with the rapid changes in both software and hardware? Could Global Antiques afford to invest in new equipment or, indeed, could it afford not to? Would the inability to keep up with and invest in the changes result in a decline in competitiveness?

(b) Candidates were asked to explain what was meant by *the business or trade cycle*. This task was mostly poorly tackled. Like many responses to tasks, candidates offered generic answers without recognising the issue of context. A lot of scripts identified the movement from boom to slump and up again but, while the impact on Global Antiques was referred to, it was not intelligibly discussed.

A recession may result in falling sales and perhaps a lack of profitability – even a loss. In boom times there would be more money about and people would have the confidence to spend on antiques. An issue not touched upon was the likelihood that a recession would not necessarily affect those clients wealthy enough to invest in high-end antiques.

(c) Because of the way the partners worked and sold antiques, *the location of the business was not particularly important.* Candidates were asked to explain what that meant. This task was quite well answered as candidates recognised that the partners had no need of a showroom since they bought and sold mainly on the Internet and at auctions and antiques fairs. They only had the need for a warehouse which could be located at a cost-effective site. The partners were all linked electronically which meant they could work anywhere. In any case, a showroom would be expensive and would not permit the partners to work flexibly.

Task 5

(a) One of the partners identified *the factors which dictated Global Antiques' market*. Each of the three following factors required explanation. These factors should have been considered specifically with reference to the text i.e. explained in the context of antiques. Many responses were generic and did not relate specifically to Global Antiques.

(i) The first was *Quality*. The reputation of Global Antiques relied upon the quality of the antiques they sold. The point to have been made was that high-value antiques had to be as near perfect as their age and past usage would allow. For many of their clients, the antiques represented major investments.

(ii) The second was *Price*. The partnership's prices had to be carefully calculated. While any price would include profit, handling charges, any restoration costs, and transportation, it had, importantly, to reflect the rarity, quality, and the nature of the antique itself. Price had also to reflect the willingness of collectors to pay.

(iii) The third and last factor was *Product.* The products of the business were antiques and they had to be genuine and of appropriate quality. They may have been subject to fashion e.g. Chinese porcelain could have been enjoying popularity while the market for old English furniture was in decline.

(b) Candidates were asked to describe what was meant by a *client profile*. A client profile could include class, gender, income group and would be used to segment a market. Global Antiques would have used its client profile to help them match antiques with the interests of their clients so they would need to know specific details like life style, self-image, economic circumstances, tastes and interests in antiques. The task was generally well done.

(c) This task called for an explanation why it was important to have a *customer relations policy*. There was a link here with earlier tasks which dealt with clients. Mostly the task was fairly well answered. It was understood that a customer relations policy was designed to help the partners to satisfy and keep their clients. The policy would have included reference to such matters as: how clients should be treated; how complaints and problems were dealt with; the conduct and procedure regarding Internet sales; and the policy regarding buying and selling in other currencies.